



Proactive Release

The following document has been proactively released by the Department of the Prime Minister and Cabinet (DPMC), and National Emergency Management Agency (NEMA), on behalf of (Hon Grant Robertson), Minister of Finance:

[Proactive Release] Implementation Unit 2022 Assignments: Final Progress Report

The following documents have been included in this release:

Title of paper: Implementation Unit 2022 Assignments: Final Progress Report

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction codes:

- S9(2)(a) protect the privacy of natural persons, including that of deceased natural persons
- S9(2)(h) maintain legal professional privilege
- S9(2)(f)(iv) maintain the constitutional convention protecting the confidentiality of advice tendered by Ministers and officials

Office of the Minister Hon Grant Robertson

Minister of Finance

Chair, Cabinet Priorities Committee

Final Progress Report on the Implementation Unit's 2022 Assignments

Proposal

- 1 This paper is the final progress report against the Implementation Unit's (the Unit) 2022 work programme and covers reports delivered in November and December 2022.

Relation to government priorities

- 2 The Unit's operations are critical to enabling the successful delivery of Government priorities, particularly accelerating economic recovery and laying foundations for the future.

Background

- 3 In November and December 2022 the Unit completed its 2022 work programme with reports on He Waka Eke Noa delivery milestones, Kāinga Ora Public Housing Construction Pipeline and Delivery, and a stocktake of delivery of housing supply initiatives.
- 4 A tracker that shows the title and timing of the Reports delivered in the first half of 2022/23 is in Appendix A. The tracker also shows progress against the assignments agreed by Cabinet on 12 December 2022 [**CAB-22-MIN-0563**] for the second half of 2022/23.

Rapid Assessment of Progress Towards He Waka Eke Noa Delivery Milestones

- 5 The Unit assessed the He Waka Eke Noa Partnership's (the Partnership's) progress and planning to achieve emissions reporting and planning milestones and identified implications for the Government's implementation planning for an agricultural emissions pricing scheme.
- 6 The Unit reported its findings to me on 19 November 2022. A copy of the Briefing is in Appendix B.
- 7 The Unit's assessment is that:
 - 7.1. The 'know your number' milestone remains an important mechanism to improve readiness for a farm-level pricing scheme and the Partnership should continue its efforts to reach 100% of farms knowing their number.
 - 7.2. The Ministry of Primary Industries (MPI) and the Ministry for the Environment (MfE) should create new milestones that link to specific activities that reduce emissions.
 - 7.3. MPI and MfE should identify options for potential implementation milestones in upcoming advice to Cabinet on the pricing scheme, and communicate milestones to the sector as a priority.

7.4. The Partnership, if it continues through 2023, has an important role to play in coordinating the sector's efforts to build the capability and capacity of rural professionals to support farmers to comply with the pricing scheme and reduce emissions. MPI and MfE should incorporate this in implementation plans.

8 I have discussed the Report with the Minister of Agriculture, the Minister for the Environment, and the Minister for Climate Change. Cabinet has agreed that the Unit will undertake a stocktake of MPI and MfE's readiness and plan for implementing the agricultural emissions pricing scheme after Cabinet has taken policy decisions on the scheme.

Stocktake of Kāinga Ora Public Housing Construction Pipeline and Delivery

9 The Unit assessed Kāinga Ora's public housing construction pipeline and its progress in delivering the milestones and targets set by the Government.

10 The Unit reported its findings to me on 25 November 2022. A copy of the Briefing is in Appendix C.

11 The Unit's assessment is that:

11.1. Kāinga Ora is on track to meet at least 85% to 90% of its national public housing supply target by 30 June 2024.

11.2. Achieving the remaining 10% to 15% by 30 June 2024 will be challenging and will require active risk management.

11.3. Kāinga Ora's system for managing its pipeline limits its ability to improve the pace of delivery.

11.4. Kāinga Ora needs to take a set of actions that would improve the visibility and pace of projects through its housing construction pipeline and its reporting to Ministers, including establishing target ranges for how long different types of projects should spend in each stage of the pipeline.

12 I have discussed the Report and its recommendations with the Minister of Housing. Kāinga Ora is actioning the recommendations of the Report and will provide the Minister of Housing with an assessment of delivery of the national public housing target for FY23 and FY24 that will also take into account the impact of recent extreme weather events.

Stocktake of delivery of housing supply initiatives

13 The Unit undertook a stocktake of the delivery of housing supply initiatives, including identifying the extent to which initiatives were connected, and the extent to which delivery partners can effectively access and navigate the initiatives.

14 The Unit reported its findings to me on 9 December 2023. A copy of the Briefing is in Appendix D.

15 The Unit's assessment is that:

15.1. Of the 14 housing supply initiatives assessed as part of the Stocktake: five initiatives are on track, the Kāinga Ora Build Programme is assessed as mixed, Large Scale

Projects is assessed as problematic, Progressive Home Ownership is off-track, and the delivery status of six initiatives was not assessed due to these initiatives being in development, at an early stage or policy settings were recently changed.

- 15.2. Stronger connections are needed where developments need to stack or sequence initiatives.
 - 15.3. The system of housing supply initiatives is complicated for delivery partners to navigate.
 - 15.4. The Ministry of Housing and Urban Development, Te Tūāpapa Kura Kainga (HUD) agreed to take action to strengthen connections between initiatives.
- 16 In response to the Unit's assessment the agencies (HUD and Kāinga Ora) are actioning the recommendations, including focusing on the three housing supply initiatives identified as either 'mixed' (Public Housing Build Programme), 'problematic' (Large Scale Projects) or 'off track' (Progressive Home Ownership).
- 17 In addition, HUD is incorporating actions into its existing Funding and Finance project, including considering how (and to the degree possible) the existing package of housing supply initiatives can be more streamlined and coordinated to ensure it's easier for delivery partners (e.g. Community Housing Providers, developers, Iwi Māori) to navigate. HUD intends to provide an update to Ministers on this work in mid-2023.
- 18 The Minister of Housing and I will discuss the Report and its recommendations prior to the CPC meeting, and I will provide an oral update to the Committee.

Progress on Briefings and Stocktakes

- 19 As the Unit progresses its work programme, I will continue to report on the Unit's findings, and will bring completed Reports and Briefings to CPC meetings.
- 20 The next suite of the Unit's papers will be brought to CPC in line with the schedule set out in Table One.

Table One: Schedule of Implementation Unit CPC papers through to July 2023

Date of Committee Meeting	Paper	Purpose of paper
28 March 2023, Cabinet Priorities Committee	Progress Report on the 2023 Implementation Unit Assignments	To report on (i) the Unit's findings from its rapid assessment of the follow on from the Year Three Stocktake of the Mental Health and Addiction Package (Rapid Assessment on specific elements); and (ii) provide updates on the Unit's working alongside commissions.
30 May 2023, Cabinet Priorities Committee	Progress Report on the 2023 Implementation Unit Assignments	To report on (i) the Unit's findings from its Stocktake of Progress of the Suicide Prevention Strategy initiatives; (ii) the Stocktake of Progress of the Carbon Neutral Government Programme (CNGP); (iii) provide updates on the Unit's working alongside commissions.
20 June 2023, Cabinet Priorities Committee	IU Work Programme for July to December 2023 and a Progress Update on 2023 Implementation Unit Assignments	To report on (i) the outcome of the Unit's June review of its work plan, and seek decisions on any updates to, or inclusions of complex programmes in its work plan for the second half of 2023; (ii) report on the Stocktake of Progress of the Agricultural Emissions Scheme; and (iii) report on the Health Reforms (an Assessment of working arrangements between the Ministry of Health and other health entities).
18 July 2023, Cabinet Priorities Committee	Progress report on the 2023 Implementation Unit Assignments	To report on (i) the Stocktake of the Progress of Te Pūkenga and (ii) the Public Housing Register.

Consultation

- 21 The Ministry of Primary Industries, the Ministry for the Environment, the He Waka Eke Noa Programme Office, Kāinga Ora, the Ministry of Housing and Urban Development, Te Puni Kōkiri and the Treasury were consulted on the Unit's Report(s) appended to this paper, where applicable, prior to the Reports coming to me in my then capacity as the Deputy Prime Minister.

Financial Implications

22 There are no direct financial implications arising from this paper.

Legislative Implications

23 There are no legislative implications arising from this paper.

Impact Analysis

24 An Impact Statement is not necessary for this paper.

Human Rights

25 There are no Human Rights implications arising from this paper.

Gender Implications

26 There are no gender implications arising from this paper.

Disability Perspective

27 There are no matters arising from this paper that require a disability perspective.

Publicity

28 No publicity is planned as a result of this paper.

Proactive Release

29 I intend to proactively release this paper and its associated minute after the standard 30 business days from the decision being made by Cabinet.

Recommendations

I recommend that the Committee:

1. **note** that the Implementation Unit delivered Briefings to me in November and December 2022 on:
 - 1.1. an assessment of progress of He Waka Eke Noa delivery milestones.
 - 1.2. a stocktake of the Kāinga Ora Public Housing Construction Pipeline.
 - 1.3. a stocktake of delivery of Housing Supply Initiatives.
2. **note** that I will provide the Cabinet Priorities Committee with a further Report on the work undertaken by the Implementation Unit on 28 March 2023.

Authorised for lodgement

Hon Grant Robertson

Minister of Finance

Date:

PROACTIVELY RELEASED

Appendix A: Implementation Unit Work Programme Progress Update as at 28 February 2023

Appendix B: Rapid Assessment of Progress Towards He Waka Eke Noa Delivery Milestones

Appendix C: Stocktake of Kāinga Ora Public Housing Construction Pipeline and Delivery

Appendix D: Stocktake of delivery of Housing Supply Initiatives

PROACTIVELY RELEASED

Completed commissions since the tracker was reported to the Cabinet Priorities Committee (last paper lodged on 18 August 2022)

Programme	Commission	Deadline	Status	Update
Immigration Rebalance	Rapid assessment of Immigration New Zealand's (INZ) planning and approach to visa processing for the border reopening	✓ 19 Aug 2022	Complete	Report delivered to the Deputy Prime Minister on 19 August 2022. Update provided to the CPC in October 2022.
Census readiness for reaching vulnerable communities	Rapid assessment of the implementation planning including risk mitigation measures to reach vulnerable communities before and during the census	✓ 31 Aug 2022	Complete	Report delivered to the Deputy Prime Minister on 31 August 2022. Update provided to the CPC in October 2022.
He Waka Eke Noa	Work alongside MfE and MPI to assist with implementation planning	✓ 26 Aug 2022	Complete	Implementation Unit support concluded in August 2022.
	Rapid assessment of progress towards the farm-level emissions reporting and planning milestones	✓ 18 Nov 2022	Complete	Report delivered to the Deputy Prime Minister on 18 November 2022. Report is attached to this paper.
Te Aorerekura	Work alongside Te Puna Aonui to support the transition to the Interdepartmental Executive Board (IEB)	✓ 31 Aug 2022	Complete	Implementation Unit support concluded in August 2022.
Government Investment in Decarbonising Industry Fund (GIDI)	Stocktake of implementation readiness of the implementation of the GIDI	✓ 14 Oct 2022	Complete	Report delivered to the Deputy Prime Minister on 14 October 2022. Update provided to the CPC in December 2022.
Mental Health and Addiction	Deep dive into the Mental Health Infrastructure Programme	✓ 14 Oct 2022	Complete	Report delivered to the Deputy Prime Minister on 14 October 2022. Update provided to the CPC in December 2022.
NZ's International Climate Finance Commitments	Stocktake of delivery of the 2019 to 2022 commitment and readiness to deliver the 2022 to 2025 commitment	✓ 20 Oct 2022	Complete	Report delivered to the Deputy Prime Minister on 20 October 2022. Update provided to the CPC in December 2022.
Emissions Reductions Plan	Work alongside agencies as the IEB is established and Emissions Reduction Plan (ERP) implementation plan developed	✓ 31 Oct 2022	Complete	Implementation Unit support concluded in December 2022.
Three Waters	Work alongside agencies to strengthen transition planning and risk mitigation	✓ 31 Oct 2022	Complete	Implementation Unit support concluded in October 2022.
Public housing	Stocktake of the progress of Kāinga Ora's public housing construction pipeline and delivery	✓ 25 Nov 2022	Complete	Report delivered to the Deputy Prime Minister on 25 November 2022. Report is attached to this paper.
	Stocktake of delivery of existing housing supply initiatives	✓ 9 Dec 2022	Complete	Report delivered to the Deputy Prime Minister on 9 December 2022. Report is attached to this paper.

Status of commissions for January to 30 June 2023

Programme	Commission	Deadline	Status	Update
Follow on from the Year 3 stocktake of the 2019 Budget Mental Health & Addiction Package	Rapid assessment of progress on four initiatives rated as problematic in the Year 3 stocktake	24 Feb 2023	Complete	Report delivered to the Minister of Finance on 24 February 2023.
Carbon Neutral Government Programme	Stocktake of progress made since the Unit's stocktake in Dec 2021, agencies' delivery of emissions reductions under the CNGP, and EECA's delivery of the State Sector Decarbonisation Fund	17 Mar 2023	In progress	Report is on track to be delivered to the Minister of Finance on 17 March 2023.
Public Housing register	Stocktake of the Public Housing Register to identify how housing need is assessed and which households are placed off the register	23 Jun 2023	In progress	Report will be delivered to the Minister of Finance on 23 June 2023.
Suicide prevention	Stocktake of progress the suicide prevention components of the Budget 2019 Mental Health and Addiction Package and the delivery of outputs and key actions in the Suicide Prevention Action Plan 2019-24	21 Apr 2023	In progress	Report is on track to be delivered to the Minister of Finance on 21 April 2023.
Agricultural emissions pricing scheme	Stocktake of MPI and MfE's readiness and plan for implementing the agricultural emissions pricing scheme	9 Jun 2023	Not started	A Commissioning Brief has been agreed with MPI and MfE. The stocktake will commence in May 2023, following policy decisions on the scheme.
Health system reforms	Assessment of the effectiveness of the new working arrangements between agencies	31 May 2023	Not started	Assessment will commence in April 2023.
	Support the Ministry of Health to develop plans to implement the additional funding received in Budget '22 to increase its capability	30 Jun 2022	In progress	The Director-General of Health has engaged EY to provide independent advice on Manatū Hauora's required role, functions and capabilities in the reformed system and ensure fit and alignment with the reform principles and intentions. This will assist the Director-General to develop a transition roadmap for Manatū Hauora to build the appropriate functions, capability and capacity so it can fully implement its role and remit as part of the reformed system. The Executive Director of the IU will continue to be available to support Manatū Hauora as it prepares its roadmap and will be interviewed as part of the EY process.
Te Pūkenga	Stocktake of progress in establishing a new operating model for the new entity	16 Jun 2023	Not started	A Commissioning Brief has been agreed with the Tertiary Education Commission. The stocktake will commence in April 2023.
Three Waters Reforms Programme	Stocktake of progress on the implementation of the Programme	To be determined	Not started	The timing and nature of this assignment will be reconsidered for a later time.
Immigration Rebalance	Work alongside MBIE (INZ) as it delivers the Immigration Rebalance programme	30 Jun 2023	In progress	The IU continues to work alongside INZ as INZ develops an overarching contingency plan following the IU's rapid assessment in August 2022.
Emergency and Transitional Housing	Support HUD and MSD to implement a place-based emergency housing model in Wellington and Hamilton.	30 Jun 2023	In progress	The IU continues to meet with HUD to ensure the lessons learned in the Rotorua pilot are being taken into account in the design and delivery of the model's expansion in Hamilton and Wellington; and the model is implemented in a way that is fit for purpose and responsive to the respective contexts in the two locations.



Coversheet

Briefing: Rapid Assessment of Progress Towards He Waka Eke Noa Delivery Milestones

Date:	18/11/2022	Report No:	DPMC-2022/23-576
		Security Level:	IN CONFIDENCE
		Priority level:	Medium

	Action sought	Deadline
Hon Grant Robertson The Deputy Prime Minister	agree to recs	2 December 2022

Name	Position	Telephone	1 st Contact
Katrina Casey	Executive Director Implementation Unit	s9(2)(a)	✓
Chris McIntyre	Advisor Implementation Unit		

Departments/agencies consulted on Briefing
The He Waka Eke Noa Partnership Programme Office, representatives from DairyNZ, Beef + Lamb NZ, and Foundation for Arable Research, Ministry for Primary Industries, Ministry for the Environment, and the Treasury were consulted.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Briefing

Rapid Assessment of Progress Towards He Waka Eke Noa Delivery Milestones

To: Hon Grant Robertson
The Deputy Prime Minister

Date 18/11/2022

Security Level

~~IN CONFIDENCE~~

Purpose

1. The purpose of this assignment is to assess the He Waka Eke Noa Partnership's ('the Partnership') current progress and planning to achieve emissions reporting and planning milestones and identify any implications for the Government's implementation planning for an agricultural emissions pricing scheme.

Executive Summary

2. The Climate Change Response (Emissions Trading Reform) Amendment Act 2020 ('the CCRA') created seven milestones for the Partnership. This report assesses two milestones:
 - a. for a person responsible for farm management to hold a documented annual total of on-farm greenhouse gas emissions on 100% of farms by 31 December 2022
 - b. for 100% of farms to have a written plan to manage emissions by 1 January 2025.
3. The remaining milestones were not assessed because three are complete and two relate to implementation of the scheme, which is pending final decisions from Cabinet in early 2023.
4. The milestones are designed to improve sector readiness for a farm-level pricing scheme. To know their annual emissions total, farmers need to collect similar data to what they would submit under a pricing scheme. Creating an emissions plan is a mechanism to encourage farmers to consider actions they can take to reduce and mitigate emissions and thereby limit their liabilities. There is currently no regulatory requirement to meet the milestones.
5. As at 31 August 2022, the Partnership estimates that 75% of eligible farms 'know their number' (around 18,000 farms), although this varies significantly between dairy (93%) and sheep and beef (63%). The Partnership forecasts this will increase to 83% by 31 December 2022. The main limitation is that not all sheep and beef farms are connected to levy bodies or processors, which are the main mechanisms for incentivising compliance and offering support.
6. Current approaches are unlikely to be sufficient to reach all the remaining farms that do not yet 'know their number'. If Cabinet decides to proceed with a farm-level pricing scheme, it will effectively make the 'know your number' milestone a regulatory requirement from 2025 for all eligible farms. This will help to encourage remaining farms to 'know their number' sooner. Levy bodies should strengthen aspects of their plans including more one-to-one outreach to farms, particularly in the sheep, beef and deer sectors.
7. As at 31 August 2022, a written emissions plan is in place for 35% of farms. The dairy sector is well placed to reach close to 100% by building on existing farm planning work related to freshwater. Other sectors' plans will need to make greater provision for direct support to farms.
8. Emissions plans are a useful tool for many farmers but will not be a regulatory requirement. Most farms will require one-to-one support from an expert to complete an emissions plan and

this is resource intensive for levy bodies. Some levy bodies advise there is little incentive to put resources into ensuring 100% of farms have an emissions plan when resources could be used to directly support farmers to reduce emissions instead. Subject to Cabinet decisions, it could be appropriate to create a milestone that directly relates to emissions reduction activities that the pricing scheme incentivises (sequestration may be one example).

- 9. The future role of and funding for the Partnership is not yet agreed and will depend on the nature of Cabinet’s decision. The Partnership can play a useful role to help the sector achieve the milestones and to inform agencies’ implementation planning for the pricing scheme. This includes continuing to report on progress towards milestones, coordinating across the sector, and undertaking work in specific areas to complement other programmes led by the Ministry for Primary Industries (MPI) and Ministry for the Environment (MfE).

Recommendations

We recommend you:

- 1. **note** that the ‘know your number’ milestone is both an important signal of farms’ readiness for farm-level pricing and a key mechanism for improving readiness.
- 2. **note** that emissions plans are a useful tool, but not the best indicator of sector readiness because the resources that levy bodies would need to spend to reach 100% of farms are better spent on activities that directly reduce emissions.
- 3. **discuss** with the Minister of Agriculture, Minister for Climate Change, and the Minister for the Environment:
 - 3.1. whether new milestone(s) should be created to complement the emissions planning milestone that link to specific activities that reduce emissions. **YES / NO**
 - 3.2. whether options for potential milestones should be identified in upcoming advice from MPI and MfE to Cabinet on the pricing scheme (as opposed to milestones being developed after Cabinet makes final policy decisions). **YES / NO**
 - 3.3. the need to communicate any changes to the milestones to the sector before the milestones are amended in the CCRA so that the sector has as much time as possible to prepare. **YES / NO**
- 4. **note** that in April/May 2023 the Implementation Unit will assess agencies’ readiness and implementation planning for Cabinet’s preferred scheme.
- 5. **agree** to proactively release this report, subject to any appropriate withholding of information that would be justified under the Official Information Act 1982. **YES / NO**

s9(2)(a)

Katrina Casey
Executive Director
Implementation Unit

Hon Grant Robertson
The Deputy Prime Minister

18/11/2022

...../...../.....

Background and scope of this report

10. He Waka Eke Noa ('the Partnership') is a partnership between the primary sector, iwi/Māori, and government to develop a system to measure, manage and reduce agricultural emissions.
11. The Climate Change Response (Emissions Trading Reform) Amendment Act 2020 ('the CCRA') established seven voluntary milestones for the Partnership (Attachment A). Milestones were intended to set clear, ambitious goals to improve the sector's readiness for a farm-level agricultural emissions pricing scheme. This assignment assessed progress and planning towards two milestones:
 - a. for a person responsible for farm management to hold a documented annual total of on-farm greenhouse gas emissions for 100% of farms by 31 December 2022.
 - b. for 100% of farms to have a written plan in place to measure and manage greenhouse gas emissions by 1 January 2025.
12. 24,273 farms are in scope of the milestones: all dairy herds with a milk supply number, all cattle feedlots greater than 20 hectares, and any other farm enterprises greater than 80 hectares.
13. This assignment did not assess three completed milestones or two milestones that relate to the implementation of the scheme, which are pending Cabinet decisions due in early 2023.

Current status of progress towards milestones

14. As at 31 August 2022, the Partnership estimates that:
 - a. 75% of farms 'know their number' (around 18,000 farms), although progress varies significantly between dairy farms (93%) and sheep, beef and deer farms (63%).
 - b. 35% of farms have a plan in place to manage emissions (around 8,500 farms).
15. Estimates are based on the best available data in each sector but vary in quality:
 - a. Dairy sector estimates are robust as they are directly linked to farms' supply agreements with processors. Some dairy processors calculate farms' emissions using existing data, and some farms may not be aware their dairy processor holds a number on their behalf.
 - b. Sheep, beef and deer sector estimates are based on a combined total from three calculators that is then adjusted to remove estimated double-counting, and then divided by a Statistics NZ estimate of eligible farms.
 - c. Arable sector estimates are based on a 'yes or no' question in a survey of farms.
16. The Partnership's progress is shown in Figure 1 with a sector breakdown in Figure 2.

Figure 1. Overall progress towards the He Waka Eke Noa milestones, as at 31 Aug 2022

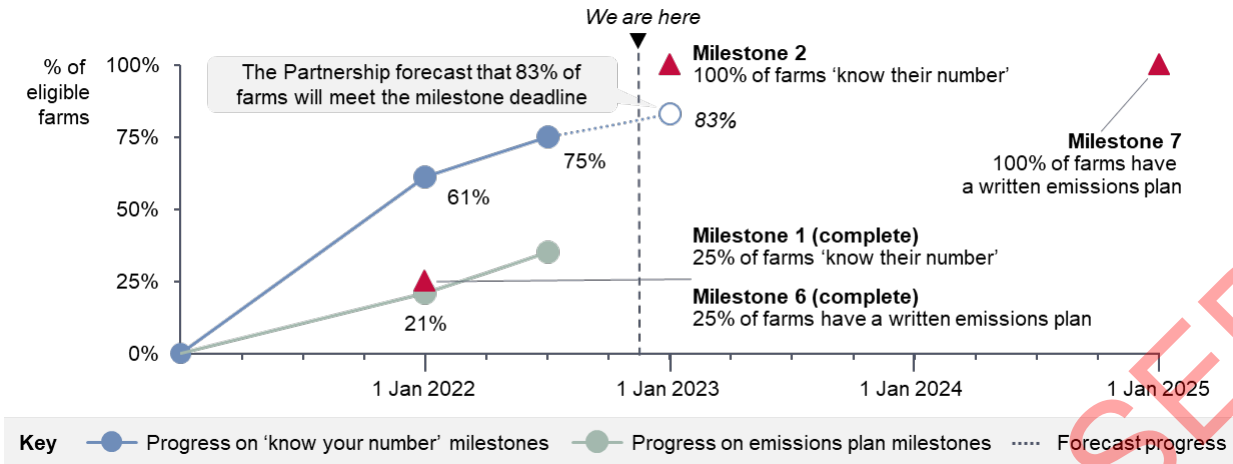
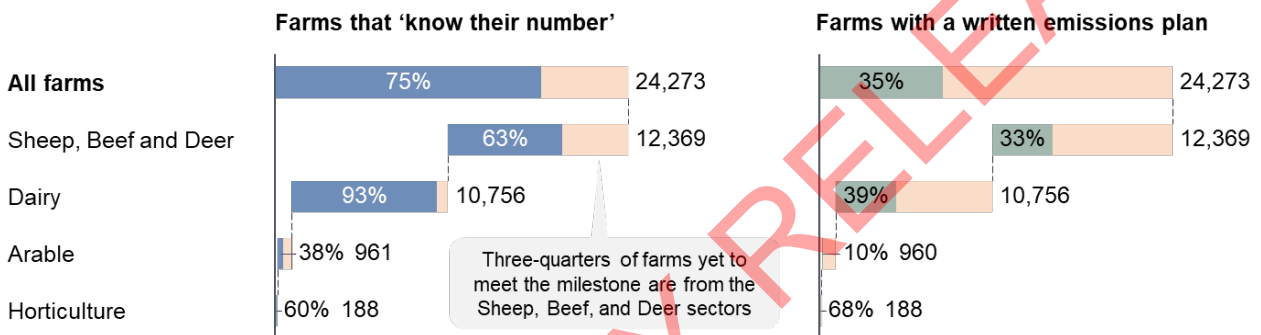


Figure 2. Progress towards He Waka Eke Noa milestones by sector, as at 31 Aug 2022



Discussion

17. Commodity levy bodies, principally DairyNZ, Beef + Lamb NZ (BLNZ), Deer Industry New Zealand (DINZ), and the Foundation for Arable Research (FAR), are responsible for supporting farmers to know their number and have an emissions plan, and for reporting on progress to milestones. Other industry groups, such as environmental consultants and irrigation and fertiliser companies, also play a role in supporting farms to meet milestones.
18. Each levy body has plans in place to meet the milestones. In general, levy bodies' current plans centre on making tools and guidance available online, running workshops and online events for people responsible for farms, and building the capability of rural professionals (including farm advisors, banks, and accountants) to provide support to farms. In the dairy sector, some processors have made the milestones a condition of supply.
19. This assignment assessed levy bodies' and processors' plans on the extent to which they:
 - a. ensure people responsible for farms are aware of milestones and understand their purpose
 - b. incentivise people responsible for farms to 'know their number' and create a plan
 - c. provide easily accessible guidance on how to meet the milestones, and
 - d. ensure support is available for farms to procure if they need it.

Farm emissions reporting ('know your number') milestone

20. The Partnership estimates 83% of farms will 'know their number' by 31 December 2022, including:
 - a. 98% of 10,756 dairy farms

- b. 75% of 12,369 sheep, beef and deer farms
 - c. 47% of 960 arable farms
 - d. at least 60% of 188 horticulture farms.
21. The Unit considers that this is close to the upper limit of what can be achieved in the absence of a regulatory requirement, but that there are aspects of plans which can be strengthened.
22. In the dairy sector, existing plans are sufficient to reach close to 100%. This is mainly because dairy processors can calculate emissions on behalf of supplier farms and/or can use supply agreements to make emissions numbers a condition of supply.
23. In non-dairy sectors, achieving a similar level of compliance is more challenging because there are few levers to incentivise or directly offer guidance and support to the people responsible for the remaining farms. This is because farms tend not to have supply agreements with processors and in some cases the levy body does not have a complete list of all farms eligible for the milestones.
24. If Cabinet decides to proceed with a farm-level scheme in early 2023 it will effectively create a regulatory 'know your number' requirement for all eligible farms by 1 January 2025. This would provide a strong incentive to remaining farms to 'know their number' sooner.
25. Regardless of Cabinet's decision, reaching remaining farms will require more intensive approaches than those employed so far, particularly in the sheep and beef sector. In the context of incoming regulatory requirements, levy bodies should plan to:
- a. in the sheep, beef and deer sectors, identify suitable contacts for farms that do not currently have a relationship to the levy body (possibly by working with processors)
 - b. undertake more one-to-one outreach to people responsible for farms
 - c. continue developing partnerships with other organisations that have relationships with farmers, potentially including banks and fertiliser companies
 - d. consider where processors could introduce levers to incentivise milestone completion.
26. These approaches may require levy bodies to invest more time and resource, but this could be justified by the benefits of ensuring farmers are ready to comply with the basic requirements of a farm-level pricing scheme.
27. Farms can currently use any of 13 different emissions calculators to 'know their number'. The Government's draft policy currently out for consultation proposes a single calculator run by the regulator(s). The development of this calculator is dependent on policy decisions regarding the final design of the pricing system and decisions on who the regulator(s) will be. It will be important for implementation planning to prioritise making the detailed calculator available so that people responsible for farms can assess and plan for their potential liability.

Farm emission plan milestone

28. The Partnership has made good progress so far and has two years to ensure the remaining 65% of farms have plans to manage greenhouse gas emissions.
29. The dairy sector's plans provide a strong basis for close to 100% of dairy farms to have an emissions plan by 31 December 2025. The dairy sector has committed to all farms having a freshwater farm plan by 2025 and processors are supporting people responsible for farms to develop emissions plans as part of the freshwater work programme. The largest processors directly employ advisory staff to provide one-to-one outreach and support to farms.
30. The Unit considers that non-dairy sectors need to strengthen their plans to ensure support for emissions planning is available to farms. Current plans rely primarily on outreach via group settings such as workshops and online events. These activities worked well for the 'know your

number' milestones but will be less effective for emissions plans, which are more complex and require more time, effort, and specialist expertise.

31. In addition to the actions in paragraph 24, non-dairy levy bodies should consider how to use incoming farm plan requirements relating to freshwater as a catalyst for emissions planning.
32. Non-dairy levy bodies advise that it will be difficult to justify additional time and resources on encouraging emissions planning if it is not required by regulation or other sector-wide commitment. This is because they consider that time and resources would be better spent on activities that the pricing scheme recognises will reduce emissions and thereby reduce farmers' liability for a levy.

The role of the Partnership in meeting the milestones

33. A Programme Office has coordinated across the Partnership since its inception. Its ongoing role and funding is yet to be determined and will depend on the nature of Cabinet decisions.
34. If the Partnership continues, the Programme Office can play an important role in supporting farmer readiness, including making connections across the Partnership to ensure consistency between levy bodies' extension efforts and to share lessons, and coordinate awareness campaigns to the sector. If the Partnership does not continue, coordination would be the responsibility of levy bodies.
35. It may also be appropriate for the Partnership to develop a sector-wide approach to build the capability and capacity of rural professionals to support farmers to comply with the pricing scheme and reduce emissions. Not all people who are responsible for a farm will have the necessary knowledge to complete an emissions plan, and many will require one-to-one expert support. It is not clear that there is currently enough support available. MPI has existing work programmes on similar topics and there may be scope to coordinate with the sector to avoid duplication, cover gaps, and determine respective roles and responsibilities. If the Partnership does not continue, MPI could look to coordinate with specific levy bodies.

Conclusion

The Partnership should continue to report against the 'know your number' milestone

36. The 'know your number' milestone remains an important mechanism to improve readiness for a farm-level pricing scheme as it directly corresponds to a future regulatory requirement (subject to final Cabinet decisions).
37. The Partnership should continue its efforts to reach 100% and the Programme Office has agreed to continue reporting on progress beyond 31 December 2022, subject to future decisions on its ongoing role. The Partnership should also consider how data quality can be improved, particularly in the sheep, beef, and deer sectors. Further surveys or other secondary data may be a useful proof-point for the sector's readiness.

The planning milestone is of some value and should be kept, but is not the best readiness indicator

38. There are good reasons to keep the milestone. Farm plans form the basis of delivering other aspects of the Government's approach to environmental regulation on farms, such as for freshwater, and a plan including emissions management will be a useful tool for many farms.
39. Completing an emissions plan is more complex than 'know your number': it requires more time and effort to complete, must be bespoke to a farm, and many farm managers require one-to-one support from an expert. This means it is more resource-intensive for levy bodies and processors to support farmers.
40. Some levy bodies advise they (and farmers) are better off directing resource to activities that help farms directly reduce emissions under the pricing scheme, rather than to activities ensuring 100% of farms have an emissions plan.

41. If the emissions planning milestone is kept, it will likely be used to inform assessments of farm's readiness for the pricing scheme. While the sector has strong incentives to reach 100% on the 'know your number' milestone, there are fewer incentives to reach 100% of the emissions planning milestone and progress should be interpreted accordingly.

New milestone(s) should be created that encourage actions that directly reduce emissions

42. The emissions planning milestone was designed as a mechanism to improve readiness for a farm-level scheme before the details of a scheme were designed. An emissions plan is not proposed to be a regulatory requirement of any pricing scheme, although it can be a useful step to ensure people responsible for farms know what their options are to reduce emissions.

43. After Cabinet makes decisions on the pricing scheme, it will be clear which activities the scheme incentivises to reduce emissions (for example, on-farm sequestration may be one aspect) and/or activities will help improve farms' uptake of the regulatory regime. The Unit recommends creating new milestone(s) linked to these activities as they are likely to be more effective at reducing emissions and could form a stronger basis for readiness assessments.

44. Given the tight timeline for implementing the pricing scheme, it will be important for the sector to be made aware of any adjustments to milestones as soon as possible. Potential options for farm-level milestones should be identified in agencies' upcoming advice to Cabinet, and the milestones in the CCRA can be revised after final policy decisions on the pricing scheme.

There are opportunities for agencies to draw on sector expertise during implementation planning

45. If the Partnership continues, agencies should consider commissioning the Programme Office to coordinate input on technical aspects of implementation planning alongside farmer reference groups and other sources of sector input. Examples of possible aspects include:

- a. identifying common groups of farms that may want to register in the scheme collectively (such as Māori-owned farms or farm businesses with multiple GST numbers)
- b. informing planning for the IT build by identifying commonly used farm planning softwares and emissions calculators, and the extent to which they could be interoperable
- c. supporting implementation planning for the pilot of the farm-level scheme (one of the milestones not assessed in this report).

Next steps

46. The Implementation Unit will support agencies' readiness and planning for implementing Cabinet's preferred agricultural emissions pricing scheme following Cabinet's decision in early 2023. Subject to further scoping, this work will include assessments of:

- a. implementation plans, including the suitability of milestones to improve farmer readiness
- b. connections between the implementation of the pricing scheme and other programmes including MPI's work on extension, primary industry advisory services, and integrated farm planning, and the Ministry for the Environment's (MfE) work on freshwater regulations.

Treaty of Waitangi considerations and te ao Māori perspective

47. The Federation of Māori Authorities is a member of the Partnership, but in the time available for this rapid assessment the Unit was not able to connect with the Federation.

48. Levy bodies collect limited information on the progress of Māori-owned farms towards the milestones or on any barriers they face. While most levy bodies' and processors' plans have provision for reaching Māori-owned farms, most do not collect information on Māori ownership in part because there is no shared definition of what constitutes a Māori-owned farm.

Financial implications

49. There are no financial implications arising from this paper.

Consultation

50. The Partnership's Programme Office was involved in the preparation of this report. The Unit spoke with stakeholders from across the sector including representatives from DairyNZ, BLNZ, and FAR. MPI, MfE, and the Treasury were consulted on the report.

Attachments:	Title	Security classification
Attachment A:	Summary of the milestones established in Schedule 5 of the CCRA	[UNCLASSIFIED]

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Attachment A

Summary of the milestones established in Schedule 5 of the Climate Change Response (Emissions Trading Reform) Amendment Act 2020

Primary sector climate change commitments ('milestones')		Due dates	In scope of this assessment?
Farm emissions reporting			
1	For 25% of farms in New Zealand, a person responsible for farm management holds a documented annual total of on-farm greenhouse gas emissions, by methods and definitions accepted by the He Waka Eke Noa Steering group, by 31 December 2021.	31 Dec 2021	<i>Milestone complete</i>
2	For all farms in New Zealand, a person responsible for farm management holds a documented annual total of on-farm greenhouse gas emissions, by methods and definitions accepted by the He Waka Eke Noa Steering group, by 31 December 2022.	31 Dec 2022	In scope
3	A pilot of a farm-level accounting and reporting system has been completed by 1 January 2024 across a range of farm types.	1 Jan 2024	Out of scope
4	A system for farm-level accounting and reporting of 2024 agricultural greenhouse gas emissions at farm level is in use by all farms by 1 January 2025.	1 Jan 2025	Out of scope
Farm emissions planning			
5	Guidance is provided to farmers on how to measure and manage greenhouse gas emissions through farm planning by 1 January 2021.	1 Jan 2021	<i>Milestone complete</i>
6	A quarter of farms have a written plan in place to measure and manage their greenhouse gas emissions by 1 January 2022.	1 Jan 2022	<i>Milestone complete</i>
7	All farms have a written plan in place to measure and manage their greenhouse gas emissions by 1 January 2025.	1 Jan 2025	In scope



Coversheet

Briefing: Stocktake of Kāinga Ora Public Housing Construction Pipeline and Delivery

Date:	25/11/2022	Report No:	DPMC-2022/23-599
		Security Level:	[IN CONFIDENCE]
		Priority level:	Medium

	Action sought	Deadline
Hon Grant Robertson The Deputy Prime Minister	agree to recs	9 Dec 2022

Name	Position	Telephone	1 st Contact
Katrina Casey	Executive Director Implementation Unit	s9(2)(a)	✓
Maari Porter	Chief Advisor Implementation Unit		
Chris McIntyre	Advisor Implementation Unit		

Departments/agencies consulted on Briefing
The Implementation Unit (Unit) consulted Kāinga Ora; Ministry of Housing and Urban Development, Te Tūāpapa Kura Kāinga, (HUD); and The Treasury, Te Tai Ōhanga.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Briefing

Stocktake of Kāinga Ora Public Housing Construction Pipeline and Delivery

To: Hon Grant Robertson
The Deputy Prime Minister

Date	25/11/2022	Security Level	IN-CONFIDENCE
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Purpose

1. This stocktake assesses Kāinga Ora's public housing construction pipeline and its progress in delivering milestones and targets set by the Government.

Executive Summary

2. The Government has set ambitious targets to increase public housing supply. Kāinga Ora is responsible for delivering 11,780 net new public and supported housing homes by June 2024. This stocktake assesses Kāinga Ora's delivery of public housing homes and does not assess delivery of supported housing (also referred to as transitional housing).
3. Kāinga Ora's target is to deliver 9,626 public housing homes by June 2024, comprising:
 - a. 4,480 public housing homes in the Public Housing Plan 2018-2022 (PHP18) due by 30 June 2022.
 - b. 4,800 public housing homes in the Public Housing Plan 2021-2024 (PHP21) due by 30 June 2024.
 - c. 346 public housing homes built for refugees with delivery milestones in each financial year.

Kāinga Ora forecasts that it will meet its national PHP21 target by 30 June 2024

4. Kāinga Ora has delivered 3,975 net additional homes as at September 2022 (88% of the PHP18 target, 45% of the combined PHP18 and PHP21 target). Kāinga Ora forecasts that it will achieve its national target on time. Almost all these homes are redevelopments on existing sites ('Kāinga Ora led projects') but an increasing share of homes are built to order by developers on sites Kāinga Ora does not own ('developer-led projects'). A very small number of existing homes are purchased or leased.
5. Kāinga Ora forecasts that it will not reach PHP21 regional targets in Wellington, West Coast Tasman, Northland, Central, and Southern by 30 June 2024 by around 300 homes (16% of the total in those regions and 3% of the overall national target). It could meet regional targets in FY25, up to five months behind schedule.
6. Kāinga Ora did not meet its PHP18 target by 30 June 2022, delivering 80% (3,579) of the 4,480 net additional homes, but did meet its FY21-22 target for refugee housing. It will deliver the remaining PHP18 homes by the 31 December 2022, 6 months behind schedule.

The Unit assesses that Kāinga Ora is on track to meet at least 85-90% of its national target

7. The Unit assesses with confidence that Kāinga Ora will achieve at least 85-90% of the combined PHP18 and PHP 21 target (8,200-8,650 net additional homes out of 9,626) by 30 June 2024 due to three key strategies it is pursuing:
 - a. delivering 2,350 homes more than its regional targets across Auckland, Canterbury and Waikato, where development conditions are favourable, and it has an existing presence.
 - b. increasing the share of developer-led projects, currently 20% of the homes planned for June 2024 delivery (up from 6% in December 2021) and forecast to continue growing.
 - c. providing additional capacity or 'buffer' into its pipeline of homes to be developed, which is approximately 1,600 homes over and above its target, as at September 2022.

Achieving the remaining 10-15% by 30 June 2024 will be challenging and requires active risk management

8. The Unit assess that the remaining 10-15% (around 1,000-1,400 net additional homes) of the combined PHP18 and PPH 21 target will be challenging, but not impossible, to reach by 30 June 2024. Kāinga Ora can make up the PHP18 shortfall and meet the full PHP21 target but will require focus, prioritisation and active management to mitigate significant risks to delivery.
9. The primary risk is that 2,400 homes are due in June 2024, the final month of PHP21. This 'delivery peak' comprises 25% of the additional homes Kāinga Ora is yet to deliver towards PHP21. While a delivery peak at fiscal year-end is not unusual, the scale is unprecedented.
10. There are also scaling risks: Kāinga Ora is increasing the volume of homes it delivers from around 300 per month on average in FY23 to 550 per month FY24 which places significant pressure on operational processes and capacity, and on its construction partners. This increases the likelihood of delays to completion dates.
11. Kāinga Ora has recently identified that most regions are facing challenges with rehousing tenants due to properties not being available. Kāinga Ora-led redevelopments comprise 80% of the gross additional homes that will be built towards the target, and these projects generally cannot begin until existing tenants are rehoused. This issue has been typically isolated to smaller regions but is now impacting developments across the country. Kāinga Ora is considering its options to intervene, but its levers are limited when occupancy is high and alternative supply is scarce.
12. Kāinga Ora functions and business units have identified capacity needs to manage upcoming construction volume for those developments it leads, including re-housing, but there is no portfolio view and prioritisation for workforce planning.

Kāinga Ora's system for managing its pipeline limits its ability to improve the pace of delivery

13. Kāinga Ora's housing construction pipeline is defined as an end-to-end process by which PHP targets are turned into projects, and ultimately, tenancies through a five-stage process.
14. Kāinga Ora's current systems for managing the pipeline provide it with a good snapshot of the vast majority of its opportunities and projects, including what stage each project is at, its characteristics, and its latest expected delivery date.
15. However, current pipeline systems also do not support basic analysis on how projects move through the pipeline, for example, how long they spend at each stage, when they are expected to move into a stage, and whether they are delayed relative to earlier estimates.
16. The pipeline does not capture some of Kāinga Ora's activities (such as buy-ins and land acquisitions), has less accurate information at the front-end for developer-led projects (which tend to be entered into the pipeline only once they are close to being confirmed), and does not track interdependencies between projects.

Actions that would improve visibility and pace of projects through the pipeline and reporting to Ministers

17. Kāinga Ora should establish target ranges for how long different types of projects should spend in each stage of the pipeline and should set and start reporting against performance targets for the proportion of projects that should fall within target ranges. It should also ensure its systems can track how long each project spends at each stage to improve accuracy of forecasting.
18. As part of its monthly reporting to Ministers Kāinga Ora should report on whether the size of the buffer and the size of the June 2023 and 2024 delivery peaks is increasing or decreasing. This will indicate whether its actions are doing enough to drive down risk. Sustained decreases in the buffer and/or increases in the size of the spike over the next three months (no later than March 2023) would indicate a high risk of the national PHP21 target not being met by 30 June 2024.
19. Kāinga Ora should benchmark Kāinga Ora-led and developer-led projects at each stage of the pipeline to assess the pace and efficiency of each method relative to cost, and to identify opportunities to adopt best practices. It should undertake additional work focused on how it will ensure it has the workforce it needs to deliver at the necessary scale and during delivery peaks so that additional or existing capacity is targeted or reassigned to areas of highest need.

Recommendations

We recommend you:

1. **note** that Kāinga Ora forecasts it will meet its PHP21 national target on time, and not achieve six out of 11 of its regional targets by June 2024.
2. **note** that the Unit assesses that Kāinga Ora will deliver 85-90% (8,200-8,650 homes) of the combined PHP18 and PHP21 target by 30 June 2024 but faces challenges to deliver the remaining 10-15% (1,000-1,400 homes) by that date.
3. **note** that the best indicators of whether risks are being managed effectively are the size of the buffer and June 2023 and 2024 delivery peaks. Sustained decreases in the buffer or increases in delivery peaks by March 2023 will indicate high likelihood that 85-90% of the target will be met by June 2024.
4. **note** that Kāinga Ora's systems provide it with limited insight into where delays occur in the pipeline, and this limits its ability to target actions and initiatives to improve implementation and pace of delivery.
5. **discuss** with the Minister of Housing actions Kāinga Ora should take to improve the visibility, management and control of its pipeline, including:
 - 5.1. report monthly to Ministers on changes in the size of the pipeline buffer and the June 2023 and 2024 delivery peaks and include an assessment of likelihood to deliver the PHP21 target on time. **YES / NO**
 - 5.2. immediately assessing and prioritising workforce and human capital needs to adequately manage pipeline volume and peaks. **YES / NO**
 - 5.3. benchmarking developer-led projects against Kāinga Ora-led projects to assess and compare pace, efficiency, and quality relative to cost and identify opportunities to improve pace. **YES / NO**

- 5.4. identifying target ranges and setting performance targets for how long different project types should stay at each stage of the pipeline. YES / NO
- 5.5. building a system that can track and report on the pace of all its projects at all pipeline stages and help manage interdependencies. YES / NO
- 5.6. following improved tracking and reporting (proposed in 5.5 above) generate insights into why projects are delayed, develop interventions to improve pace, and assess their impact. YES / NO
- 6. **agree** to proactively release this report, subject to any appropriate withholding of information that would be justified under the Official Information Act 1982. YES / NO

s9(2)(a)

Katrina Casey
Executive Director
Implementation Unit

25/11/2022

Hon Grant Robertson
The Deputy Prime Minister

...../...../.....

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Background

20. The Government sets out its public housing supply intentions in Public Housing Plans (PHPs). Overall, PHP18 provided for 6,400 additional public housing homes by 30 June 2022, funded in Budget 2018. PHP21 builds on PHP18 and provides for an additional 6,000 public housing homes by 30 June 2024 and 2,000 Transitional Houses, funded in Budget 2020 for a cumulative total of 14,050 additional 'net new' public housing homes.
21. Kāinga Ora is the primary delivery agent for PHP18 and PHP21. It delivers around 70% of PHP targets itself with the remainder delivered by Community Housing Providers (CHPs). In total, Kāinga Ora is responsible for 11,780 net new public and supported housing homes over a six year period ending on June 2024, of which 9,626 are public housing homes. This includes 4,480 public housing homes (PHP18), 4,800 public housing homes in the PHP21 and 346 homes built for refugees.

Scope of the stocktake

22. This stocktake assesses Kāinga Ora's delivery of public housing supply, with a focus on:
 - a. mapping and assessing the Kāinga Ora public housing construction pipeline.
 - b. assessing the current delivery status against Kāinga Ora's delivery targets.
 - c. identifying the key barriers and risks Kāinga Ora has identified and assessing the impact of the actions and strategies it is taking to reduce risk.
23. Delivery of supportive housing (also referred to as transitional housing), transfers from other housing providers, Community Group Housing or public housing delivered by CHPs are outside of the scope of this stocktake. The Commissioning Brief is provided in Attachment A.

Status of delivery as at September 2022

Public Housing Plan Targets 2018-2022

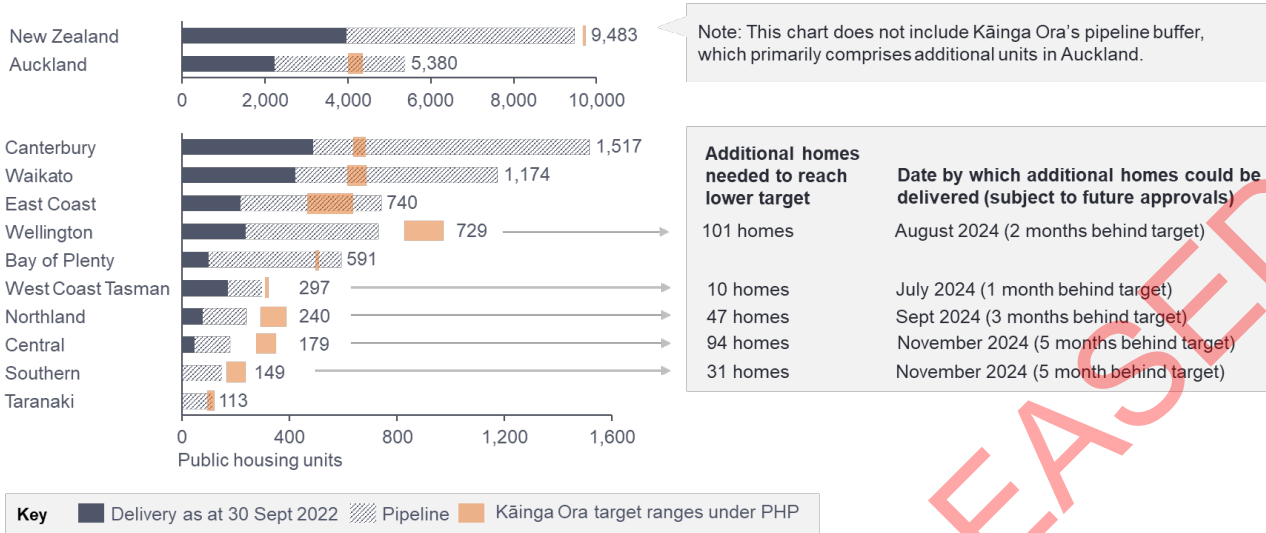
24. Kāinga Ora delivered 80% (3,582 or 4,480 homes) of its PHP18 target by 30 June 2022. Since June 2022, Kāinga Ora has delivered over half of the shortfall (505 of 898 homes) and forecasts it will meet the PHP18 target in December 2022, six months behind schedule.
25. Kāinga Ora reports the primary reason for the delay in meeting its PHP18 target is the impact of COVID-19 alert level restrictions. Kāinga Ora rescheduled homes from the second year of the PHP18 (July 2020-June 2021) into the third year (July 2021 to June 2022). Increased build and financing costs, insolvency of build partners, and supply chain constraints also contributed to the delay by reducing productivity and making some projects non-viable.
26. It is not possible to pinpoint exactly where delays occurred due to limitations in Kāinga Ora data and systems (this is discussed further in paragraphs 34-36).

Public Housing Plan 2021-2024 Targets

27. Kāinga Ora is due to deliver a total of 9,626 net additional public housing homes by 30 June 2024 across its PHP18, PHP21, and refugee housing commitments. As at September 2022, it has delivered 3,975 new additional homes, or 45% of its total national target. Kāinga Ora forecasts that it will achieve its total national target by 30 June 2024.
28. Kāinga Ora will not meet six of its 11 regional targets on time in Central, Northland, Southern, Taranaki, Wellington, and West Coast Tasman. Figure 1 shows Kāinga Ora forecasts relative to PHP21 regional targets and the dates it could meet targets in each region. Kāinga Ora could meet regional targets later in FY24-25, currently forecast to be one to five months behind schedule.

Figure 1. Forecast delivery relative to regional targets for net additional public housing homes

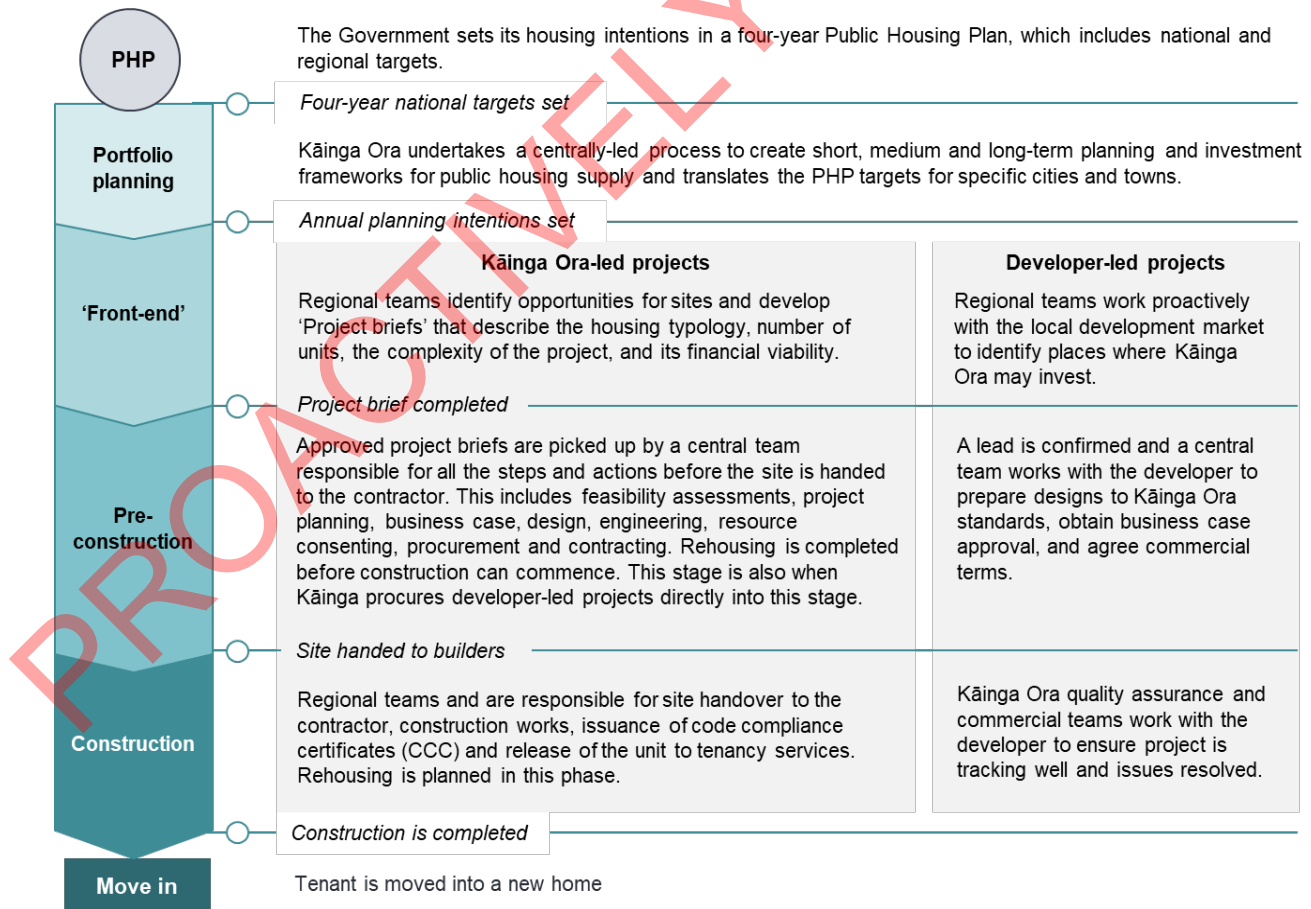
Number of net additional public housing homes delivered by Kāinga Ora and due by June 2024, relative to targets



Description of the pipeline

29. In this report Kāinga Ora's public housing construction pipeline is defined as an end to end five stage process that starts with a target being set in a PHP and ends with a tenant being housed into a new unit. A simplified summary is shown in Figure 2.

Figure 2. Description of the Kāinga Ora Public Housing Pipeline



30. Kāinga Ora's management of the pipeline process is supported by an Investment Management Framework (IMF) lifecycle that delivers gated decision-making to Kāinga Ora staff and leadership for all projects across the pipeline stages.
31. As at September 2022, there are 1,228 projects (9,514 homes) in the pipeline that are due to be delivered by 30 June 2024. (This is a gross figure, the total net additional homes delivered will be lower after taking account of demolitions, sales, and other removals.) Attachment B shows the stage and delivery method of public housing homes in each region.
32. The pipeline data shows that 48% of homes are in construction, 45% are in pre-construction, and 7% are in the front-end. This means that Kāinga Ora has identified close to all sites (93%) that it will develop itself, though it may identify other sites by procuring developer-led projects between now and June 2024. The challenge is to move projects from the front-end and pre-construction stages into construction and completion.

Assessment of delivery of projects in the pipeline

Project delays are common, and Kāinga Ora has limited ability to pinpoint where they occur

33. Kāinga Ora tracks the progress of projects against estimated completion dates. Its data and reporting systems provide a good snapshot of what stage each project is at in the pipeline. However, Kāinga Ora's internal analysis indicates that on average it underestimates delivery dates by close to six months.
34. In December 2021, around 915 projects were forecast to deliver by June 2024. As at September 2022, around 60% of those projects recorded a delay to their delivery date, including a total of 1,600 homes delayed beyond June 2024.
35. Kāinga Ora centrally tracks projects from the 'front-end' to the 'construction' stages using a spreadsheet considered the single source of truth, largely inherited from Kāinga Ora's predecessor, Housing New Zealand. This spreadsheet is combined with other data sources to form a monthly snapshot of the status of projects in the pipeline that forms the basis of reporting to Ministers, the Board, and HUD. This approach has limitations, including:
 - a. systems do not record how long projects stay in each stage of the pipeline.
 - b. systems do not capture interdependencies between projects (e.g., where redevelopment of Site A cannot start construction on Site B is complete, because existing tenants in Site A cannot be rehoused until Site B is ready).
 - c. systems capture most, but not all of Kāinga Ora's activity. Some project types are not routinely captured at all stages (e.g., land acquisitions are not captured until a project is developed, and Large Scale Projects are only captured after business case approval). Demolitions and other removals from public housing stock are captured elsewhere. A small number of projects are not captured at all (e.g., purchases of existing houses).

Kāinga Ora cannot comprehensively assess the pace of projects through pipeline stages

36. The lack of consistent data on pace makes it difficult to assess how long different project types spend in each phase and if projects are tracking ahead of or behind what should be expected. This limits the ability of Kāinga Ora managers to systematically identify problem areas to intervene, and to forecast and measure the effectiveness of the interventions it makes. Kāinga Ora staff, and some partners, also advise the pipeline can be unreliable and unpredictable which can make it difficult to plan their resources and manage risks.
37. Kāinga Ora is aware of these challenges and is taking action to improve the quality of pipeline data and upgrading elements of its software. In addition, a major focus of its Project Velocity initiative is to set and achieve consistent time and reliability expectations for projects moving

through the pre-construction and construction processes. However, at this time this impacts very few projects: Project Velocity will only apply to 250 homes in FY23.

While some specific initiatives appear to be improving pace in parts of the pipeline, the combined impact on the delivery of PHP21 targets is limited

38. In the absence of clear data on where to target actions within the pipeline, Kāinga Ora has developed initiatives to reduce risk and improve predictability and pace of delivery, including:
- Project Velocity*, a project to reduce the time it takes to develop business cases and building plans. Project Velocity has significantly reduced the time taken in the pre-construction phase from up to 580 days in some cases to less than 40 days, although this approach has only been trialled on a small number of projects so far (around 30 homes in Christchurch, and 250 homes in total in FY23). Kāinga Ora is seeking to scale Project Velocity from two teams to five teams (the new teams will be based in Auckland).
 - Capacity Partnering Agreements (CPAs)*, a project to lock in contractors' construction capacity over a one-to-three year period to minimise delays due to resource availability by providing certainty to build partners. This accelerates construction by utilising contractors more efficiently and reducing transaction costs associated with contracting.
 - Consentium*, an in-house Building Consent Authority (BCA), the first standalone BCA in the country. Consentium has reduced the time taken for a building consent to 10.6 statutory (or live days) and 25 elapsed working days, which is significantly less than industry standards.¹ Consentium has been operational since March 2021.
 - Off-site Manufacturing (OSM)*, a project to accelerate delivery of homes by leveraging off-shore labour. This has had limited impact to date due to supply chain issues.
39. These initiatives are having a positive impact on the pace of delivery in their specific areas, but the overall impact of these initiatives on delivering the PHP21 targets will be limited because:
- most of the projects currently being delivered were set up prior to the initiatives being created and are delivered according to business-as-usual processes.
 - initiatives that cover all projects in the pipeline only have a small impact on pace.
 - initiatives that have a large impact on pace only cover a small proportion of projects.
 - initiatives have mostly been deployed in large centres where all stages of the pipeline are relatively straightforward compared to the regions.
40. Kāinga Ora is also taking immediate action to pull forward projects from FY24 into FY23 to help smooth out the concentration of projects due to deliver in the last months of fiscal years. It is also identifying large projects (greater than 20 homes) due to deliver at the end of FY23 and FY24 to provide resource and support to mitigate "just in time delivery" risks.

In the meantime, Kāinga Ora is mitigating the impact of delays by acquiring developer-led projects

41. Kāinga Ora can make up for delays by increasing the volume of developer-led projects (built-to-order homes from developers that are built on land it did not previously own), from 6% in December 2021 to 20% (around 1,900 homes) in September 2022. This proportion is expected to grow closer to 30 June 2024.
42. This has been an intentional strategy by Kāinga Ora, enabled in part by softening of the residential development market. It has developed processes to generate leads across the

¹ Performance data includes redevelopments which contribute to PHP21 and retrofits which do not contribute to PHP21 targets.

country and uses a range of commercial approaches for different types of developments. Without this strategy Kāinga Ora would not be forecasting that it will meet its target on time.

43. At a time when the construction sector is facing economic headwinds it is a counter cyclical strategy for Kāinga Ora, which has an interest in ensuring the construction sector it relies on to deliver maintains solvency, capacity and capability.

Assessment of delivery against the PHP targets

Kāinga Ora is on track to meet at least 85-90% of its national target by 30 June 2024

44. Kāinga Ora forecasts that it will achieve its combined PHP18 and PHP21 national target by 30 June 2024. The Unit assesses that Kāinga Ora can deliver 85-90% of the target through three key approaches:
- delivering ahead of its regional targets in Auckland, Canterbury and Waikato, where development conditions are more favourable, and it has an established presence. Almost half the homes in Kāinga Ora's pipeline are in Auckland (47%). Projects in Auckland tend to be larger, and more advanced – 61% of homes are already in the construction phase.
 - increasing the share of homes built to order by developers on sites Kāinga Ora does not own ('developer-led projects') from 6% in December 2022 to 20% of the homes planned for delivery by 30 June 2024 (for forecasts as at September 2022).
 - providing additional capacity or 'buffer' into its pipeline of homes to be developed, which is approximately 1,600 homes over and above its target as of September 2022.

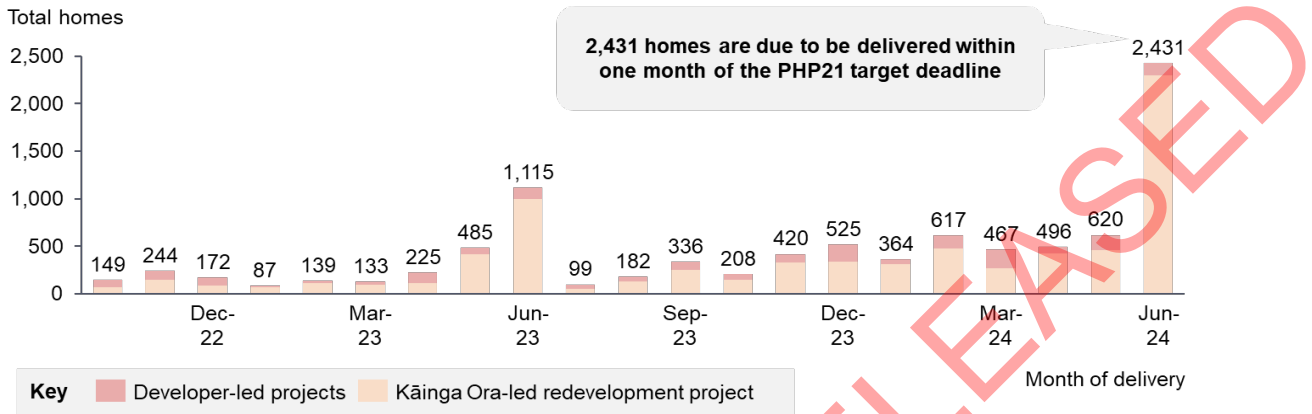
Achieving the remaining 10-15% of the target requires management of significant risks

45. The Unit assesses that the remaining 10-15% will be challenging to reach by June 2024 will require focus, prioritisation, and active management to deliver on time. Risks include:
- concentration risks*: 20% of the gross additional homes (more than 2,400 homes) are forecast to deliver in June 2024, the final month of PHP21 (Figure 3). Kāinga Ora has met its previous year-end spikes, but this will be increasingly difficult at greater scale. While it is taking prudent actions to bringing forward projects from FY24 into FY23, the impact will be limited as acceleration will be challenging and it is only applied to small sub-set of projects.
 - scaling risks*: Kāinga Ora will deliver around 300 homes per month on average in FY23 and up to 550 homes per month in FY24. Business as usual systems, processes and practices that support project delivery through each pipeline stage, alongside the capacity and capability of Kāinga Ora, are being tested as the activity in the pipeline rapidly scales.
 - pace risks*: as scale increases, the risks listed here present further likelihood of delays to Kāinga Ora-led and developer-led projects, supported by Kāinga Ora's internal analysis that indicates that on average it underestimates delivery dates by close to six months.
 - re-housing risks*: Kāinga Ora has recently identified that most regions are facing challenges with rehousing due to lack of available² properties, with several regions flagged as serious concerns. Kāinga Ora is looking at strategic buy-ins of existing houses to ease the pressure and is currently assessing its options, but its levers are limited at scale.
 - workforce planning risk*: workforce planning would benefit from attention at the portfolio level to add or reallocate its capacity to manage a spike in delivery in June 2024. Functions and business units in the pre-construction and construction stages are identifying human resource needs to manage upcoming construction volume, including re-housing.

² Kāinga Ora's tenant occupancy rate is at 96.4% as of October 2022

- f. *regional delivery barriers*: Kāinga Ora does not have a sufficient number of homes in its housing construction pipeline in Central, Northland, Southern, Wellington, and West Coast Tasman regions. Delivery barriers include limited availability of land and relationships in regions where Kāinga Ora lacks an established presence, few viable build sector partners, planning and density³ restrictions and challenging development economics.

Figure 3. Number of homes due to be delivered each month



Kāinga Ora also faces risks and barriers outside of its control

- 46. There are also risks and barriers outside of Kāinga Ora’s control. It is delivering homes at increased density, which is a relatively new approach, and is delivering in many communities where there has been little change in built form for a long time. This presents council consenting, infrastructure, stakeholder and community engagement needs that take time and resources to work through. Many of Kāinga Ora’s staff are working on the front lines of urban intensification and shaping the nation’s experience, community by community.
- 47. Kāinga Ora is working with councils to address these challenges but has few levers to reduce these risks completely. In Auckland where it has a strong presence, the council has established its own six person team to process Kāinga Ora consents. In areas where it does not have an established presence it needs to work harder to engage with councils not only tactically on resource consents but strategically on longer term plans and being a more consistent partner. Its regional structure is helping to facilitate this.

Actions to address risks and improve delivery of the pipeline

- 48. Kāinga Ora should take some immediate actions to strengthen its pipeline systems and take a more systematic approach to identifying areas where it could intervene or adapt its practice to accelerate delivery. Actions include:
 - a. improving monthly reporting to Ministers by including the changes in the buffer and the June 2023 and June 2024 delivery spikes and giving an assessment of the likelihood of meeting the target.
 - b. taking a portfolio-level approach to assessing and prioritising workforce needs in FY23 and FY24 to ensure capacity is added or reallocated where it is most needed.
 - c. benchmarking developer-led projects against Kāinga Ora-led redevelopments to assess pace, efficiency, and housing quality relative to cost between two delivery methods.
 - d. identifying target ranges for how long different types of projects should stay at each pipeline stage, setting performance targets, and reporting on these to Ministers.

³ Kāinga Ora aims for minimum of 3:1 “uplift of new homes, for every one house it demolishes at least three are to be developed

- e. strengthening planning to scale up new initiatives, such as Project Velocity, including testing its assumptions on how well initiatives will scale in different regions.
49. Kāinga Ora can also improve portfolio management of the pipeline, though full benefits may not materialise until after June 2024. Actions include:
- a. building a system that can track and report on the pace of all its projects and manage the impacts of interdependencies between projects.
 - b. using pipeline data to generate insights into why projects are delayed, develop interventions to improve pace, and assess the impact of those interventions.

Treaty of Waitangi considerations and te ao Māori perspective

50. The Kāinga Ora-Homes and Communities Act 2019 establishes that Kāinga Ora must maintain systems and processes to ensure that, in carrying out its urban development functions, it has the capability and capacity to uphold Te Tiriti o Waitangi and engage with Māori and to understand Māori perspective.
51. PHP21 also sets out expectations for more collaboration between HUD, Kāinga Ora and iwi, and to target responses to different housing needs, especially Māori. Māori are around 40% of public housing tenants and make up close to half of applicants (12,711) on the Public Housing Register (24,996) as at September 2022.
52. Kāinga Ora is in the early stages of building its capability and capacity to engage and to understand the Māori perspective across the organisation. Through its Investment Management Framework (IMF) decision-making processes Kāinga Ora has prepared questions relevant to Māori engagement and perspectives that need to be answered by staff and leadership as part of its decision approvals process. Kāinga Ora acknowledges it needs to develop guidance for staff that will support the IMF process so engagement with iwi and rōpu Māori is genuinely early and meaningful.
53. Kāinga Ora also has a number of initiatives in place to collaborate and partner with Māori. This includes pro-actively procuring work from Māori-owned businesses, engaging with iwi-owned development companies, working with mana whenua in design processes, and seeking opportunities to partner with mana whenua to construct public housing on Māori land or general land owned by Māori. All of these initiatives are in early stages. Kāinga Ora acknowledges it should start to record statistics on how its projects contribute to its initiatives with Māori so that it can understand the impact of its work in this area.
54. Kāinga Ora has also initiated a national and regional Māori capacity building initiative which is in early stages of development.

Financial implications

55. There are no financial implications arising from this report.

Consultation

56. The Unit worked closely with Kāinga Ora on the report and consulted with HUD and The Treasury on the findings. The Unit conducted site visits to public housing redevelopments in Wellington and Auckland and met with Kāinga Ora leadership, staff, and a selection of community build partners and councils.

Next steps

57. If recommendations are accepted by Ministers, HUD in its role as monitor will work with Kāinga Ora to implement the recommendations in this report.

Attachments	Title	Security classification
Attachment A	Commissioning Brief	IN CONFIDENCE
Attachment B	Delivery by region, pipeline stage and delivery method	IN CONFIDENCE

PROACTIVELY RELEASED

Attachment A: Commissioning Brief

Implementation Unit: Scope

Kāinga Ora Public Housing Supply

Commissioning Agent: Deputy Prime Minister

Commission to: Implementation Unit, DPMC

Commission: The Implementation Unit will deliver a stocktake of progress of Kāinga Ora's public housing construction pipeline and delivery. This includes an assessment of housing location, type (such as new builds, leasing or buying existing properties), and progress in meeting milestones and targets set by Ministers.

Background

Public Housing Plans set out the Government's public housing supply intentions. The 2018-2022 Public Housing Plan (PHP18) provides for 6,400 additional places by June 2022, funded in Budget 2018. The 2021-2024 Public Housing Plan (PHP21) builds on PHP18 and provides for an additional 6,000 public and 2,000 transitional homes by June 2024, funded in Budget 2020.

Areas of Focus

The Unit will work with the Te Tūāpapa Kura Kāinga, Ministry of Housing and Urban Development (HUD) to:

1. **Map and assess** Kāinga Ora's public housing construction pipeline end-to-end by housing type (such as new builds, leasing or buying existing properties) and location
2. **Assess the current delivery status** of Kāinga Ora's delivery of PHP18 and PHP21 to the milestones and targets set by Ministers, including by location and housing typology. This will include how projects at each stage of the public housing construction pipeline will contribute to the delivery of the PHP21 targets
3. **Report the key barriers and risks** Kāinga Ora has identified to address any deficiencies or blockages in the public housing construction pipeline, the actions and strategies they (and others where relevant) are taking and their intended impact on delivery of the PHP21 targets, including by housing type and location.

Parties

The Unit will undertake this work in partnership with HUD. The Unit and HUD will engage relevant senior leaders and working teams within Kāinga Ora and, where appropriate, delivery partners and stakeholders from the sector. Treasury will support the Unit as required.

Timeframe

The Unit will report to the Deputy Prime Minister by 25 November 2022. The Unit will also report on its activities to the Deputy Prime Minister as part of regular reporting.

Hon Grant Robertson
Deputy Prime Minister

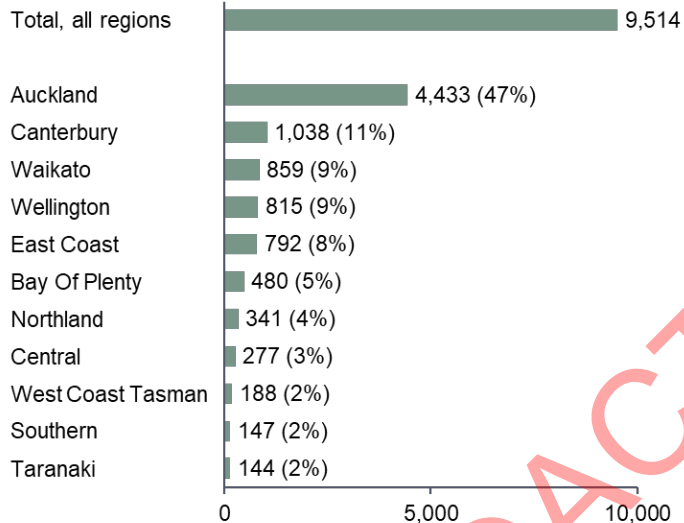
Attachment B: Delivery by region, pipeline stage and delivery method

Pipeline by region

- Almost half of new public housing homes are being built in Auckland (47%)
- In the other half, there is broad geographic spread across New Zealand

Note: PHP targets are for net additional homes (gross additional homes, less demolitions, sales and other removal of existing stock). The chart below shows gross additional homes yet to be built; net additional homes delivered in each region will be lower.

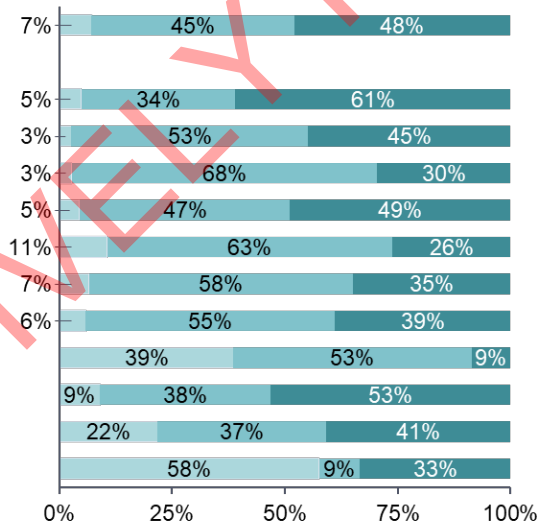
Number of gross additional public housing homes in the pipeline (% of total)



Pipeline by stage of delivery

- Overall, nearly half the pipeline that will deliver by June 2024 is in construction.
- Kāinga Ora has identified close to all sites (93%) that it will develop itself, though it may identify other sites by procuring developer-led projects between now and June 2024.
- Auckland has more projects at more advanced stages relative to elsewhere: 61% of units in Auckland are in construction vs. 37% outside of Auckland.

Proportion of homes in each stage

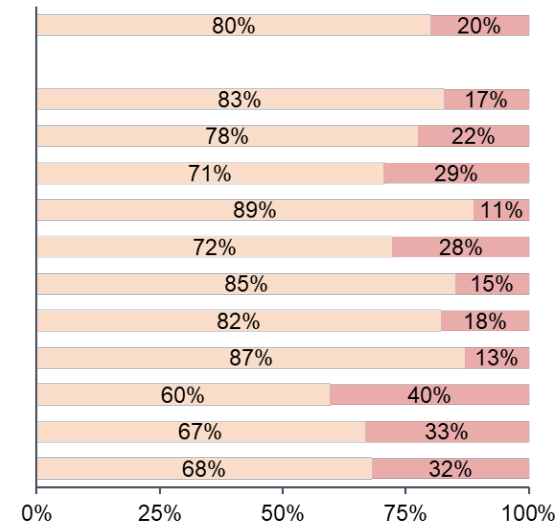


Key
■ Front-end
■ Pre-construction
■ Construction

Pipeline by delivery method

- Kāinga Ora-led projects comprise 80% of all units, with the remaining 20% procured 'built to order' from developers.
- The proportion of homes in each region delivered through developer-led projects is relatively consistent
- The proportion of developer-led projects is likely to grow over time, as these projects only enter the pipeline at later stages.

Proportion of homes by delivery method



Key
■ KO-led redevelopment
■ Developer-led project



Coversheet

Briefing: Stocktake of delivery of housing supply initiatives

Date:	9/12/2022	Report No:	DPMC-2022/23-604
		Security Level:	[IN-CONFIDENCE]
		Priority level:	Medium

	Action sought	Deadline
Hon Grant Robertson The Deputy Prime Minister	note and agree to recs	

Name	Position	Telephone	1 st Contact
Katrina Casey	Executive Director Implementation Unit	s9(2)(a)	✓
Maari Porter	Chief Advisor Implementation Unit		
Chris McIntyre	Advisor Implementation Unit		

Departments/agencies consulted on Briefing
Kāinga Ora; Ministry of Housing and Urban Development, Te Tūāpapa Kura Kāinga, (HUD); and The Treasury, Te Tai Ōhanga and Te Puni Kōkiri.

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Briefing

Stocktake of delivery of housing supply initiatives

To: Hon Grant Robertson
The Deputy Prime Minister

Date

9/12/2022

Security Level

~~[IN-CONFIDENCE]~~

Purpose

1. This report assesses the delivery of housing supply initiatives, the extent to which initiatives are connected, whether connections support delivery and how delivery partners can effectively access and navigate the initiatives.

Executive Summary

2. Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development (HUD), Kāinga Ora, and Crown Infrastructure Partners (CIP) lead programmes, projects and funds (collectively referred to as 'initiatives') to expand housing supply in Aotearoa New Zealand.
3. This stocktake reviews fourteen housing supply initiatives that total \$7b in funding appropriations and draw on additional financing through long-term borrowing by Kāinga Ora.
4. There is no overall target for the number of houses that initiatives will deliver or enable. The Unit estimates the initiatives in this stocktake are funded to deliver 14,000 public houses and 3,500 transitional housing places by June 2024 and enable delivery partners to build between 25,400 and 32,900 public, affordable, and market houses over the next 15 years.

The housing supply initiatives have been established across the housing continuum

5. Initiatives were established at various points in time each for specific purposes, including to:
 - a. **acquire and/or sell land for housing and urban development** through Large Scale Projects (LSPs), Land for Housing, and the Kāinga Ora Land Programme.
 - b. **fund infrastructure** to enable housing intensification in new areas (greenfield) and existing areas (brownfield) through the Infrastructure Acceleration Fund, Māori Infrastructure Fund, Infrastructure Reference Group (IRG) projects, and aspects of LSPs.
 - c. **provide grants or subsidies** to incentivise development of public, affordable, transitional and Māori housing. These are the Kāinga Ora Build Programme, Community Housing Providers delivery of public housing, Transitional Housing, Progressive Home Ownership and Affordable Rental Pathway of the Affordable Housing Fund (AHF).
 - d. **de-risk affordable housing developments** by providing underwrites through the KiwiBuild Underwrite, Build Ready Developments and s9(2)(f)(iv) .

Several initiatives are progressing well, but the largest initiatives face challenges

6. Five initiatives are on track: Housing Providers' public housing, Transitional Housing, Land for Housing, the Māori Infrastructure Fund and IRG projects. These initiatives will directly deliver 4,200 public homes and make 3,500 transitional housing places available by June 2024, and enable up to 10,000-15,000 new public, affordable and market homes over the next 15 years, and 2,700 sites for Māori housing by June 2025.

7. Two initiatives are assessed as mixed or problematic: the Kāinga Ora Build Programme, and LSPs. These are large, complex initiatives that involve many delivery partners and are highly material to overall housing supply. Through these initiatives Kāinga Ora will directly deliver 9,600 public houses by June 2024 and enable 2,200 new public homes and 11,700 affordable and market homes over the next 15 years. Each initiative faces risks to delivery. In the case of LSPs, significant attention is needed s9(2)(f)(iv)
8. One initiative, Progressive Home Ownership (PHO), is off track and is not forecast to deliver its intended outputs. PHO is a shared equity programme that aims to contract 1,500-4,000 homes by June 2024. It is forecast to contract 1,100-1,200 homes within its funding envelope.
9. Six initiatives were not assessed due to being at an early stage or having policy settings that recently changed or are under development. These are the Kāinga Ora Land Programme, the Infrastructure Acceleration Fund, KiwiBuild Underwrite, and three initiatives within the AHF.

Stronger connections are needed where developments need to stack or sequence initiatives

10. Initiatives are generally designed to be ‘stand-alone’ for specific purposes and have distinct requirements and processes. This makes sense for the delivery of each individual initiative, and for delivery partners that are focused on one initiative at a time. However, delivery partners often need to draw on a mix of initiatives, either:
 - a. **combining initiatives concurrently:** such as stacking or braiding grants and subsidies from multiple initiatives to fund a mixed tenure development, or
 - b. **sequentially lining up funding:** from two or more multiple initiatives.
11. Delivery partners report it is challenging to effectively and efficiently draw on multiple initiatives due to different application timeframes, contracting terms, accreditations, definitions of affordable housing, and limited coordination within and across agencies. This limits the types of projects that can be delivered, inhibits pace of delivery, and/or increases transaction costs.

The system of housing supply initiatives is complicated for delivery partners to navigate

12. Delivery partners report that the creation of HUD improved alignment between agencies but that the housing supply system is complicated to access and confusing to navigate.
13. An emerging exception is the Build Ready Development initiative as it uses ‘account managers’ to steer partners to a specific initiative or to design a bespoke package combining multiple initiatives. However, it is only available for developments that meet specific criteria and is still early in its development to be definitive about its impact.

HUD has agreed to take several actions to strengthen connections between initiatives

14. HUD advises it is progressing a work programme, building on foundations set by the Government Policy Statement – Housing and Urban Development and its Implementation Plan, to make housing and urban development funding and financing more strategic, coherent, responsive, and easy to use, alongside ongoing work to refine specific initiatives.
15. HUD can improve access by improving connections between initiatives, including:
 - a. streamlining application windows, contracting timeframes, accreditations, housing definitions across grant and subsidy initiatives where delivery partners stack funding while ensuring that the integrity of individual initiatives intended purpose is maintained.
 - b. identifying types of developments that depend on sequential approvals from multiple initiatives and looking at whether decision pathways can be aligned and fast-tracked.
 - c. creating ‘account manager’ roles to serve as a point of contact for delivery partners to develop bespoke funding packages that combine funding from multiple initiatives.

- d. developing a strategic approach to coordinate the development and delivery of housing supply initiatives, including prioritisation of infrastructure investments.


Recommendations

We recommend you:

1. **note** that of the fourteen housing supply initiatives in this stocktake:
 - 1.1 five initiatives are on track to deliver 4,200 public homes and make 3,500 transitional housing places available by June 2024, enable up to 10,000-15,000 new public, affordable and market homes over the next 15 years, and enable 2,700 sites for Māori housing by June 2025
 - 1.2 the Kāinga Ora Build Programme, intended to deliver around 9,600 public homes by 2024, is assessed as mixed
 - 1.3 Large Scale Projects, intended to enable 2,200 new public homes and 11,700 affordable and market homes over 15 years, is assessed as problematic
 - 1.4 Progressive Home Ownership is off track and will contract up to 1,200 homes towards its target of 1,500 to 4,000 homes by June 2024
 - 1.5 six initiatives delivery status was not assessed due to being in development, at an early stage or policy settings recently changed.
2. **note** that the initiatives have expanded housing supply across the housing spectrum. While individual initiatives are mostly working as intended, it is difficult to access and navigate the housing supply system, including where delivery partners need to stack or sequence multiple initiatives.
3. **note** that building on its existing work programme in this area HUD will:
 - 3.1 work with Kāinga Ora to provide advice to Ministers on what Large Scale Projects, assessed by the Unit as problematic, can deliver within current funding, including options to manage the impact of cost escalations and reduced market demand on delivery of its targets.
 - 3.2 provide advice to Ministers on:
 - a. whether changes to Progressive Home Ownership, assessed by the Unit as off track, could increase the volume of housing being delivered or not
 - b. how existing initiatives could be streamlined so that it is easier for delivery partners to stack initiatives, including creating account manager roles to improve access and navigation
 - c. how decision pathways could be aligned and fast-tracked for developments reliant on sequencing funding from multiple initiatives
 - d. how, in its system leadership role, HUD can bring greater coherence and coordination to existing housing supply initiatives to improve the delivery of the Government's objectives.

4. **agree** to proactively release this report, subject to any appropriate withholding of information that would be justified under the Official Information Act 1982.

YES / NO

<p>s9(2)(a)</p> 
<p>Katrina Casey Executive Director Implementation Unit</p>
<p>9/12/2022</p>

<p>Hon Grant Robertson The Deputy Prime Minister</p>
<p>...../...../.....</p>

PROACTIVELY RELEASED

Background

16. The Government has established programmes, projects and committed funding (collectively referred to as 'initiatives') to expand housing supply across New Zealand.
17. Initiatives are administered by HUD, Kāinga Ora and CIP and delivered through delivery partners, including Community Housing Providers (CHPs), iwi and Māori housing providers, councils, and private developers.
18. This stocktake assesses the delivery of fourteen housing supply initiatives, the extent to which initiatives are connected, whether connections support delivery and how delivery partners access and navigate the initiatives. Initiatives within the scope of this stocktake are outlined in the Commissioning Brief, provided in Attachment A.

Overview of existing housing supply initiatives

19. Initiatives were established at various points in time and for a range of purposes to target need somewhere in the housing system.
20. Figure 1 illustrates when initiatives were established, their funding and intended purpose, including when repurposed into new funds. Purposes include to acquire and/or sell land, fund infrastructure to open up or intensify areas, de-risk development through underwrites, or provide a grant or subsidy to incentivise affordable housing development.
21. Descriptions of each initiative, the administrating agency, funding, and targets are in Table 1.

Figure 1. The introduction of housing supply initiatives over time (calendar years)

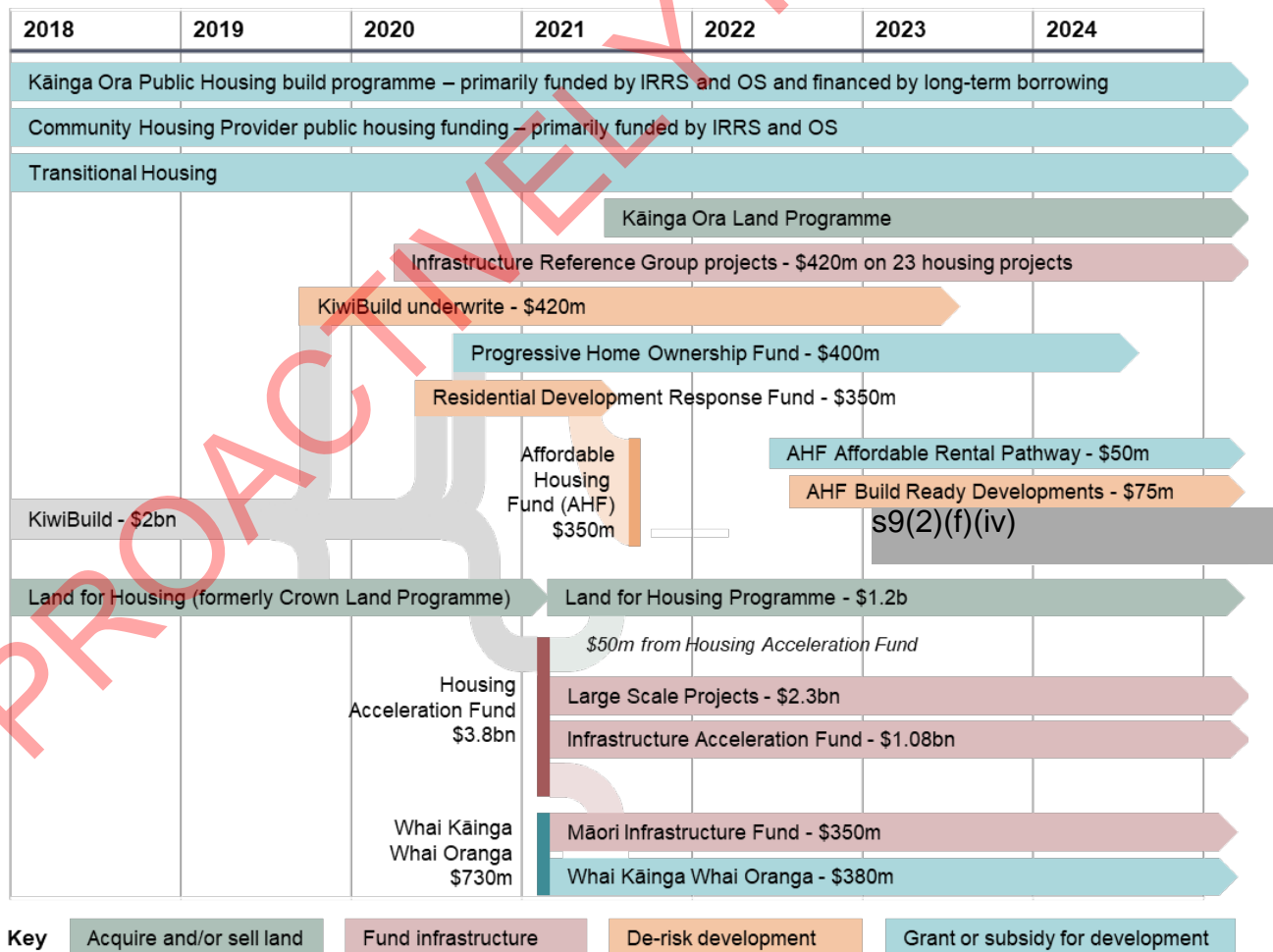


Table 1. Overview of housing supply initiatives, administering agency, total funding, and targets

Initiative name	Agency	Description	Funding appropriation	Target (if applicable)
Initiatives to acquire and/or sell land for development				
Large Scale Projects	Kāinga Ora	Comprises five major developments across Auckland and one in Porirua, Wellington.	\$2.3bn	Enable 2,200 new public homes and 11,700 affordable and market homes
Land for Housing Programme	HUD	Funds the acquisition of land to be on-sold to developers (primarily post Settlement Governance Entities) to deliver affordable and public housing.	\$1.2bn	Enable 10,000-15,000 new homes, incl. 20% public and 40% affordable
Kāinga Ora Land Programme	Kāinga Ora	A programme to purchase and enable land in order to increase the pace, scale and mix of developments, with financing costs covered by appropriation	\$46m p.a.	No specific target.
Initiatives that fund infrastructure				
Infrastructure Acceleration Fund	Kāinga Ora	Funds infrastructure to unlock developments in locations with supply and affordability challenges.	\$1bn	No specific target.
Māori Infrastructure Fund	HUD	Funds infrastructure development under Whai Kāinga Whai Oranga initiative	\$350m	2,700 sites by June 2025.
Infrastructure Reference Group (IRG) projects	CIP	23 housing-related projects including infrastructure upgrades and new builds by Kāinga Ora, CHPs, HUD, and councils.	\$420m	No specific target.
Initiatives that de-risk development				
KiwiBuild Underwrite	Kāinga Ora	Underwrites the sale of homes in new developments, if developers sell to eligible buyers below KiwiBuild price caps.	\$420m	No specific target.
AHF Build Ready Developments	HUD	Pre-purchases or underwrites land and housing developments, such as where consents are secured but financing is not due to a lack of pre-sales.	\$75m	No specific target.
s9(2)(f)(iv)				
Initiatives that provide grants or subsidies for development (including concessional finance)				
Kāinga Ora's Build Programme	Kāinga Ora	Builds public housing against the Public Housing Plan 2018-2021 (PHP18) and Public Housing Plan 2021-2024 (PHP21).	Funded via IRRS and OS ¹	9,636 net additional public homes by June 2024.
CHP public housing funding	HUD	Provides financing for Community Housing Providers to develop new public housing.	Funded via IRRS and OS ¹	4,215 net additional public homes by June 2024.
Transitional Housing	HUD	Provides temporary accommodation and wrap-around support for those in urgent need of housing.	\$477m	3,000 additional places by Dec 2022 500 additional places by June 2024.
Progressive Home Ownership Fund	HUD	A shared equity programme to support providers to offer shared ownership, rent to buy, or leasehold arrangements.	\$400m	1,500 to 4,000 affordable homes contracted by June 2024

¹ HUD pays the Income-Related Rent Subsidy (IRRS) to Kāinga Ora and CHPs to cover the balance between what a public housing tenant pays in rent and the market rent for the property. The Operating Supplement (OS) is a funding subsidy paid in addition to the IRRS for eligible net new public houses to help enable new build supply

AHF Affordable Rental Grant	HUD	Provides grant funding to not-for-profits for new affordable rental housing.	\$50m	No specific target.
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PROACTIVELY RELEASED

Most housing supply initiatives funding goes towards LSPs and other infrastructure projects

17. As at December 2022, approximately \$7bn has been appropriated for in scope initiatives. This total includes funding appropriations, excludes financing or investments, and is made up of:
- 33% (\$2.3bn) directly funds LSPs.
 - 26% (\$1.9bn) funds infrastructure.
 - 18% (\$1.2bn) funds the acquisition and/or sale of land.
 - 13% (\$927m) provides grants or subsidies for development.
 - 8% (\$545m) provides underwrites to de-risk developments.
 - 2% (up to \$175m) remains uncommitted (within the AHF).

Initiatives in scope of this stocktake will directly build 14,000 public houses and enable up to 25,400 and 32,900 public, affordable, and market rate houses over the next 15 years

18. HUD does not have an overall target or estimate for the number of houses that all housing supply initiatives will directly deliver or enable. This is because:
- there is no overall housing supply target towards which all initiatives contribute, and progress indicators for the Government Policy Statement on Housing and Urban Development are still being defined.
 - a single house may be funded by multiple initiatives and could count towards multiple initiatives' targets.
 - some initiatives do not have targets, including the KiwiBuild Underwrite and the three pathways funded under the AHF (Build Ready Developments, s9(2)(f)(iv), and Affordable Rental Pathway).
19. The Unit estimates that the funding appropriated to initiatives within scope of this stocktake represents a total commitment to:
- by June 2024 directly deliver 14,000 public houses through Kāinga Ora and CHPs, and 3,500 transitional housing places.
 - 'enable' delivery partners to build between 25,400 and 32,900 affordable and market rate houses. This estimate combines targets and forecasts for LSPs, Land for Housing and PHO. Houses are 'enabled' where Kāinga Ora or HUD make land available and sign a development agreement with a delivery partner to build a certain number of houses.

The portfolio of housing supply initiatives has evolved to respond to changes in the economy

20. HUD advises that initiatives have evolved as construction and housing markets have changed and economic headwinds have emerged, such as material and labour shortages, COVID-19 shutdowns, and construction cost escalations.
21. An example of this is the Residential Development Response Fund which was developed in 2020 to support continuity in residential development during COVID-19. When residential construction did not slow down as expected, it was repurposed into the AHF, part of which provides grants to encourage affordable rental. As economic headwinds have increased, the AHF has also funded Build Ready Developments to provide underwrites to developments that are at risk of failure but could be used to deliver affordable housing and act as a countercyclical tool. The original source of this fund was KiwiBuild which has largely been repurposed into other initiatives (refer Figure 1 on page 5).

Assessment of delivery

22. This section assesses the status of delivery of eight initiatives based on targets established by the Government. Status ratings for each initiative are in Table 2.
23. Five initiatives are on track, collectively responsible for delivering 4,200 public homes by June 2024, enabling up to 2,000-3,000 public homes, 4,000-6,000 affordable homes, 4,000-6,000 market rate homes over the next 15 years, enabling 2,700 sites for Māori housing over the next four years, and delivering 3,500 transitional housing places by June 2024.
24. One initiative is mixed, and one is problematic, collectively responsible for delivering 9,800 public houses by June 2024, and enabling 2,200 new public homes and 11,700 affordable and market homes over the next 15 years.
25. One initiative, Progressive Home Ownership (PHO), is off track and is forecast to contract 1,100-1,200 homes towards its target of 1,500-4,000 homes by June 2024.
26. The status of delivery is not assessed for six initiatives that are at an early stage, still being established or recently had policy settings change. These are Kāinga Ora Land Programme, the Infrastructure Acceleration Fund, KiwiBuild Underwrite and three initiatives within the AHF.

Table 2: Delivery status of eight housing supply initiatives

Initiative	\$m	Delivery status and materiality to overall housing supply
Land for Housing Programme	1,189	<ul style="list-style-type: none"> In 2021/22, targets for this initiative were exceeded for the number of settled land acquisitions and the target was met for the signed development agreements. There is no target for the number of houses, but the Programme forecasts it has the pipeline to contract between 10,000 to 15,000 homes by 2027. Target proportions of public and affordable housing are tracking behind: 14% of contracted homes are public homes (vs. 20% target) and 25% are affordable (vs. 40% target). There is sufficient pipeline for both targets to be achieved by 2027.
Transitional Housing	477	<ul style="list-style-type: none"> The target of 3,000 additional places was due by the end of June 2022 and was met in August 2022. 1,459 of the transitional houses were delivered by Kāinga Ora and HUD contracted 1,594 from providers. Delivery of 500 additional places by June 2024 is on track with 656 places in the pipeline as at November 2022.
Infrastructure Reference Group projects	420	<ul style="list-style-type: none"> 23 of the total 225 projects funded under the IRG projects relate to housing and are material to the housing supply in Auckland. 5 of the 23 projects are complete. All 18 of the remaining projects are currently in construction. 17 projects (total \$373m) are rated low risk and 1 project (\$8m) is rated medium risk.
Māori Infrastructure Fund	350	<ul style="list-style-type: none"> On track to deliver 2,700 infrastructure enabled sites (not homes) by 2025. As at October 2022, 45% of the target had been delivered or is contracted.
CHP public housing funding	IRRS ² OS	<ul style="list-style-type: none"> CHPs exceeded the Public Housing Plan 2018-2021 (PHP18) national target of 1,920 public housing homes by June 2022, delivering a total of 3,675. CHPs are on track to deliver the Public Housing Plan 2021-2024 (PHP21) target of 1,200 homes by June 2025, delivering 174 homes to date, as at September 2022 ahead of trajectory. Two-thirds of houses delivered by CHPs are existing houses 'redirected' to become public housing. One third are new builds that add to total housing supply.
Kāinga Ora's Build Programme	IRRS OS	<ul style="list-style-type: none"> Kāinga Ora was approximately 1,000 homes short of its PHP18 target in June 2022. It is forecast to deliver the full target by the end of December 2022, 6

² HUD pays Income-Related Rent Subsidy (IRRS) to Kāinga Ora and CHPs to cover the balance between what a public housing tenant pays in rent and the market rent for the property. The Operating Supplement (OS) is a funding subsidy paid in addition to the IRRS for eligible net new public houses to help enable new build supply

Initiative	\$m	Delivery status and materiality to overall housing supply
		<p>months behind schedule. As at September 2022 550 of the remaining 1,000 homes had been delivered.</p> <ul style="list-style-type: none"> The Unit assesses that Kāinga Ora will deliver 85-90% of its combined PHP18 and PHP21 national target of 9,636 homes and delivery of the remaining 10-15% is possible but depends on several key risks being effectively managed. Kāinga Ora will not meet its regional PHP21 targets in six of the 11 regions.
Large Scale Projects (LSPs)	2,300	<ul style="list-style-type: none"> LSPs will enable approximately 37,000 new homes over 20 years. Funding has been appropriated to enable ~18,000 homes over the next 15 years: 4,000 public housing rebuilds, 2,200 new public homes, and 11,700 new market and affordable homes. As at October 2022, 4,600 homes have been enabled. Kāinga Ora forecasts it will enable 850-900 homes in FY22/23, short of its target of 1,580 homes. The shortfall is due to low demand from developers to purchase sites in a softening market. The is expected to continue in FY23/24. s9(2)(f)(iv)
Progressive Home Ownership Fund (PHO)	400	<ul style="list-style-type: none"> PHO is off track. Its target is to contract between 1,500 to 4,000 homes by June 2024 and is forecast to achieve 1,100 to 1,200 homes in total within its funding envelope. To date PHO has delivered 120 homes, with 354 more in contract. The capacity and capability of the providers, iwi and Māori organisations to operate at the scale needed to close the gap, plus cost escalations and uncertainty of market headwinds are inhibiting delivery.

Key



- On track – continue to refine
- Mixed – some aspects require attention
- Problematic – aspect(s) require significant attention and action
- Off track – requires urgent attention and action

Acquire and/or sell land Fund infrastructure De-risk development Grant or subsidy

On track initiatives tend to be funds that contract delivery partners to undertake works that are critical to the delivery of overall housing supply, including Māori housing

27. The Māori Infrastructure Fund is on track to deliver its intended 2,700 sites enabled by 2025. The fund provides critical enabling infrastructure to support Māori housing development. Delivery partners can use funding on any housing tenure type. The initiative is delivered as part of Whai Kāinga Whai Oranga, alongside other pathways including grants for building.
28. Land for Housing, Transitional Housing, IRG projects and Community Housing Providers provide or enable diversity of housing types (public, transitional, affordable and market rate) across the country. These initiatives are broadly similar in how they deliver outputs: a government agency operates a fund and contracts delivery partners to deliver a set of outputs, such as housing or infrastructure. The agencies' role is to administer the funds and manage the contracts.
29. The Unit assesses that delivery risks for projects funded by these initiatives tend to be low, as most projects are relatively small in the scope of work and size of funding, tending to be between \$1m to \$30m (except for two IRG infrastructure projects receiving up to \$75m in government funding) and relate to a specific development in a specific place.
30. Each of these initiatives have been established and are contracting delivery partners at a pace that gives confidence that the funding will be spent, and outputs delivered on schedule.

Progress is mixed or problematic in areas where the largest volume of housing is being delivered

31. Progress is mixed in the Kāinga Ora Build Programme and problematic for LSPs. These initiatives are complex, with multiple delivery partners and responsible for a substantially

larger number of houses than any other initiative. They are highly interdependent: up to 37% of the housing in LSPs involves public housing delivered through the Kāinga Ora Build Programme. LSPs are dependent on productive relationships with, and funding contributions from, councils.

32. Kāinga Ora is directly responsible for delivering approximately 9,600 new additional public housing homes by June 2024. It has delivered close to 4,000 to date. The Unit assesses it will deliver at least 85-90% of the target by June 2024, with the remaining 10-15% contingent on its management of risks. The primary risks are:
 - a. Concentration risk: 2,400 homes are due to complete in June 2024, the final month of PHP21. While a fiscal year-end delivery peak is not unusual, its scale is unprecedented.
 - b. Scale risk: the volume of homes Kāinga Ora delivers is around 300 per month on average in FY23, rising to 550 per month in FY24. This places significant pressure on operational processes, particularly re-housing of tenants, and workforce capacity.
33. Kāinga Ora is implementing a range of mitigating strategies and actions, including maintaining a project buffer in its delivery pipeline of 1,600 homes over and above its target, as at September 2022. It needs to closely monitor the size of the buffer and the management of the June 2023 and 2024 delivery peaks. Sustained decreases in the buffer or increases in delivery peaks by March 2023 will be strong indicators that the target will not reach the 85-90% level by June 2024.
34. Kāinga Ora is funded to enable up to 18,000 homes over the next 15 years through LSPs, of which 13,900 are new homes and the remainder are rebuilds of existing public housing. LSPs develop infrastructure and remediate land to enable housing to be built by deliver partners or Kāinga Ora. A house is 'enabled' when a development agreement is signed with a developer for affordable and/or market houses, or when a site is handed over to Kāinga Ora.
35. LSPs are on track for demolitions and remediations, but in current market conditions there is low demand to purchase and develop the sites. As a result, Kāinga Ora will not meet its FY22/23 and FY23/24 'sites enabled' targets or revenue projections (from land sales). Kāinga Ora is preparing options for consideration by the Minister of Housing.
36. LSPs do not yet have defined interim milestones or a monitoring framework. HUD is due to finalise this in February 2023. This needs to be a priority as cost escalations and the slowdown in the construction market are requiring decisions by the Kāinga Ora Board and Ministers that would benefit from improved transparency and reporting of trade-offs at the portfolio level.

Progressive Home Ownership is off track and will not meet its targets under current settings, but its contribution to overall housing supply is small

37. The PHO scheme was established with a target of contracting 1,500 to 4,000 homes by June 2024. As at October 2022, 507 houses have been contracted (and 204 of those houses delivered). s9(2)(f)(iv)

38. PHO is delivered through three pathways, all of which face delivery challenges:
 - a. *Providers*: 375 homes (74%) have been contracted through the Provider pathway, with 79 completed. s9(2)(f)(iv)
 - b. *Direct to households*: 102 homes (20%) contracted direct to households, with 102 completed. s9(2)(f)(iv)

- c. *Te Au Taketake*: 30 homes (6%) contracted for iwi and Māori organisations, with zero delivered. s9(2)(f)(iv)

Strengthening connections between housing supply initiatives

Connections are needed where developments need to stack or sequence initiatives

- 39. Delivery partners approach government agencies for a range of purposes: they may want to buy land to develop, sell land to them, or seek support to develop land they own already. In turn, government agencies offer a range of support for a development if it can meet intended outputs towards increasing housing supply.
- 40. The Unit worked with HUD to identify and map how initiatives could be connected including from the perspective of delivery partners. This exercise, along with interviews with delivery partners, identified that connections need to be prioritised in two instances where delivery partners draw on multiple initiatives to:
 - a. **concurrently combine (or ‘stack’) grants or subsidies from multiple initiatives into a single development:** for example, a development might include a mixture of public, affordable, and rent-to-own housing – each funded through separate initiatives.
 - b. **sequentially line up funding from two or more initiatives:** a chain of approvals from separate initiatives may be needed. For example, the Land for Housing Fund purchases the land, then, signs a development agreement contingent on the Māori Infrastructure Fund to fund infrastructure development and then Whai Kāinga Whai Oranga to fund building.
- 41. Figure 3 maps the fourteen initiatives by purpose and identifies where developments may depend on sequential funding and approvals, or where stacking of initiatives may occur.

Figure 3. Housing supply initiatives most likely to be stacked or rely on sequential funding

What is the Government facilitating delivery partners to do?		What support does the Government provide the delivery partner to develop the land at the proposed pace, scale, tenure mix and price points?		
		Infrastructure	De-risking	Subsidy (incl. concessionary finance)
Sell land	<ul style="list-style-type: none"> AHF Build Ready Development (clearinghouse) 	<i>Not applicable</i>		
Acquire land for development	<ul style="list-style-type: none"> Kāinga Ora Land Programme Land for Housing Programme Large Scale Projects 	<ul style="list-style-type: none"> Housing Acceleration Fund (Large Scale Projects only) All below 	<ul style="list-style-type: none"> KiwiBuild underwrite s9(2)(f)(iv) 	<ul style="list-style-type: none"> Deferred payment on land purchase or land write-down (as part of initiatives that acquire and/or sell land)
Develop land		<ul style="list-style-type: none"> Infrastructure Acceleration Fund Māori Infrastructure Fund Infrastructure Reference Group projects 	<ul style="list-style-type: none"> KiwiBuild underwrite AHF Build Ready Developments (pre-purchase or underwrite) AHF Innovation Pathway (<i>under development</i>) 	<ul style="list-style-type: none"> Kāinga Ora Build Programme and CHP public housing funding (Income-Related Rent Subsidy or Operating Subsidy contracts) Transitional Housing contract Progressive Home Ownership (15-year interest free loan) AHF Affordable Rental Grant Infrastructure Reference Group projects
		Initiatives where developments may depend on sequential approvals	Initiatives that delivery partners may ‘stack’ in a specific development	

Key

- Acquire and/or sell land
- Fund infrastructure
- De-risk development
- Grant or subsidy for development

Initiatives are not currently administered and implemented in a way that supports delivery partners to ‘stack’ different sources of funding

- 42. Each initiative is established to serve a specific and targeted need somewhere in the housing system. Initiatives that provide grants or subsidies generally target one specific housing tenure (such as public housing, affordable housing, or affordable rentals).
- 43. Delivery partners undertaking mixed tenure developments need to draw on multiple initiatives, but this is difficult or in some cases impossible because initiatives have different terms, accreditations, requirements, and contracting agencies.
- 44. The result is that delivery partners face major administrative hurdles when trying to ‘stack’ funding from different initiatives. It is difficult because:
 - a. different initiatives may require different accreditations or registrations. In some cases, a delivery partner may need to create a new legal entity to access different types of funding for the same development.
 - b. the funding models may be different: one initiative may provide certainty over funding while another initiative may be a contestable fund with a degree of uncertainty – one unsuccessful application can undermine funding from other initiatives.
 - c. contracting terms may be different, ranging from 1-2 years up to 25 years.
 - d. funding or application windows may open or close at different times.
 - e. the initiatives may be administered by different agencies and aren’t coordinated.
- 45. This increases time and cost for delivery partners to access Crown funding available for housing supply in general and is difficult to undertake in developments such as mixed tenure. Table 3 shows several of the different requirements and timing organisations seeking to deliver two or more housing initiatives (for mixed tenure developments) have to navigate.

Table 3. Comparison of requirements for various grant or subsidy-based initiatives

	Progressive Home Ownership	Income Related Rent Subsidy	Transitional Housing	Emergency Housing Contracted Motels	Affordable Housing Fund	KiwiBuild Underwrite
Type of housing	Shared equity, rent-to-own, leasehold	Public housing	Supported housing	Emergency housing	Affordable housing	Affordable housing
Type of provider	Not for profit and iwi/Māori	CHPs	MSD-accredited	MSD-accredited	Not for profit in six regions	None
Contracting term	15 years	Up to 25 years	1-3 years	1-2 years	Up-front capital	1-2 years
Application and timing	3-4 years for main pathways, open for Māori pathway	Open	RFP for panel of suppliers	RFP	RFP	Open

HUD has agreed to take several actions to strengthen connections between initiatives and make it easier for delivery partners to stack different sources of grant and subsidy funding

- 46. HUD has agreed to look at how it can streamline application windows, contracting timeframes, accreditations across grant and subsidy initiatives in a way that strengthens delivery for mixed tenure developments and maintains the integrity of the individual initiatives intended purpose.
- 47. HUD will also explore where it is desirable for projects that rely on sequential approvals across different initiatives to identify mechanisms to align and fast-track decision-making in each initiative. This will include considering whether to create ‘account manager’ roles that serve

as a central point of contact for a delivery partner, and facilitate funding being stacked together or sequenced across different initiatives. The aim of doing this is to ensure the optimal mix of funding types and to improve efficiency for the developer having to navigate individual applications and processes.

48. A similar process is working in the Build Ready Developments initiative, where there is a 'clearing house' through which a developer can approach government agencies when a development is at risk of no longer being viable. If a development meets certain criteria, an 'account manager' is assigned to refer the developer to the most suitable programme, if one exists, or to develop a bespoke package to ensure the development can draw from any set of initiatives.
49. This arrangement does not solve the underlying lack of alignment and connection between initiatives but creates a gateway for delivery partners that means the lack of connections do not present an initial barrier to accessing support. The Unit notes that the Build Ready Development is still new and needs time and more developer feedback to assess impact.
50. Delivery partners report that improving access and navigation of initiatives includes improving the pace of decisions which can have a material impact on their willingness to engage.³

Infrastructure initiatives are delivered in siloes and structures inhibit greater coordination

51. Infrastructure funding comes from the Infrastructure Acceleration Fund (IAF), Māori Infrastructure Fund, IRG projects and aspects of LSPs. This makes developments contingent on a series of applications and approvals. It can create issues: a project may fail if one party does not 'come to the table' and this may constrain decision-makers – including government agencies.
52. Local government's role is critical especially in long term planning and financial contributions, but report infrastructure and development staging and sequencing programmes are still creating significant risks and issues, particularly where infrastructure is being developed at the same time as housing. This causes delays, including to consents, for build partners.
53. The IAF takes into account future investments from other government agencies as part of its evaluation process, and in LSPs or Urban Growth Partnerships (UGPs) there are governance layers that can coordinate and manage infrastructure investments to align and combine different sources of funding to make housing development viable.
54. However, there are few connections between other housing supply initiatives and other sources of funding for the necessary infrastructure. In areas outside UGPs, there are few effective structures for coordination. This inhibits forward-planning for infrastructure to support housing supply.
55. The Unit notes that agencies and delivery partners consistently report that Kāinga Ora has done a good job managing the IAF process. It is close to completion, allocating grant funding of \$916m for bulk infrastructure to support 29 housing developments. To Kāinga Ora's credit it adopted lessons from the IRG including reporting disciplines to manage the process.

HUD should consider more fundamental changes to how housing supply initiatives are developed

56. The levers available to HUD in the near-term could streamline access for delivery partners and improve delivery where initiatives could be stacked or sequenced.
57. As part of its system level role, HUD should explore developing a strategic approach to coordinate the development and delivery of housing supply initiatives. For example, current system settings present limitations to the extent to which HUD and Kāinga Ora can coordinate.

³ Build Ready Programme is providing developers with a fast-track process, taking between 18 and 40 days to receive approval for the first three proposals (processing of contract takes up to 40 days post approval) and the Kiwibuild Underwrite has reduced its decision-making pathway from seven to three and a half months

s9(2)(h)

- 58. In the longer-term, funding streams could be aligned to overall targets for housing in cities and regions and infrastructure investments prioritised and aligned to increase housing supply.

Treaty of Waitangi considerations and te ao Māori perspective

- 59. This stocktake covers the \$350m Māori Infrastructure Fund which is one component of the \$730m Whai Kāinga Whāi Oranga initiative. Whai Kāinga Whāi Oranga is the government's largest investment into Māori housing and is led by HUD in partnership with Te Puni Kōkiri.
- 60. The Māori Infrastructure Fund is intended to enable increases in Māori housing supply across the entire housing continuum on Māori owned land (general and whenua Māori). It is generally well received as it was co-designed with Māori as part of the broader Whai Kāinga Whāi Oranga initiative. It has two pathways (a programme pathway through iwi partner prototypes and a project pathway open to applications) and provides the flexibility that iwi-Māori have been seeking to address the disparities in housing outcomes for Māori.
- 61. The fund has no minimum house yield, it can be used for remote and rural areas (but not limited to) and it can fund on-site infrastructure whereas all other infrastructure initiatives (refer figure 3) are to fund trunk or bulk infrastructure only. The Unit notes that its interviews with iwi and Māori are not fully representative and fulsome given time constraints of the Stocktake and should not be considered universal to Māori.
- 62. By contrast, several of the other initiatives (e.g., PHO, Kāinga Ora Build programme, Transitional Housing) were not designed (or co-designed) to suit the characteristics of iwi and especially of Māori community housing providers.
- 63. Better government coordination, a no wrong door approach and for services to be more accessible as outlined in this report have also been advocated for some time by Māori and are part of the MAIHI Ka Ora Implementation Plan, National Māori Housing Strategy.

Next steps

- 64. During the course of the stocktake HUD reported that to bring greater coherence and coordination to housing supply initiatives it is progressing a funding and investment work programme to make housing and urban development funding more reliable, sustainable, accessible and strategic. This will include focusing on improving the coherence and navigability of its funds and programmes amongst other matters.

Financial implications

- 65. There are no financial implications arising from this paper.

Consultation

- 66. HUD was involved in the preparation of this report, providing the mapping of initiatives. The Unit consulted with Kāinga Ora, Te Puni Kōkiri and several councils, developers, not-for profits and iwi and Māori representatives. The Unit consulted with two peak bodies, Te Matapihi, and the Community Housing Association-Ngā Whareau o Aotearoa and with The Treasury.

Attachments	Title	Security classification
Attachment A	Commissioning Brief	UNCLASSIFIED

Attachment A: Commissioning Brief

Implementation Unit: Scope Housing Supply Initiatives

Commissioning Agent:	Deputy Prime Minister
Commission to:	Implementation Unit, DPMC
Commission:	The Implementation Unit will deliver a stocktake of delivery of existing housing supply initiatives. This is to ensure that non-regulatory supply initiatives are connected, lessons are carried across and effort is not being duplicated.

Background

The Government has established a range of programmes, projects, and funds (collectively referred to as 'initiatives') to expand housing supply by investing in new housing and supporting infrastructure and financing the purchase of existing housing and land. Initiatives are administered by Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development (HUD), Kāinga Ora, or for some specific projects, Crown Infrastructure Partners, and delivered by a range of public, not-for-profit, and for-profit providers.

Areas of Focus

1. **Identify, assess and map how housing supply initiatives are connected** and whether connections support delivery, including how lessons learned, best practices are shared across initiatives (where relevant) and effort is not duplicated (applied to categories one and two as outlined below)
2. **Provide a stocktake of delivery** of the Government's existing housing supply initiatives that will assess what has been delivered in each initiative based on targets and milestones established by Ministers, and in relation to the connections that will support delivery (applied to category one as outlined below)
3. **Assess** how the groups (such as providers, Councils, Iwi-Māori, for-profit and non-for-profit developers) the housing supply initiatives are targeting can effectively access and navigate them, and that effort is not being duplicated (applied to category one as outlined below).

Initiatives within Scope

For the purposes of this stocktake the housing supply initiatives within scope are organized into two categories (refer table below):

- **Category one** includes initiatives which are large housing supply initiatives with delivery well underway or sufficiently progressed that all three focus areas (above) of the Stocktake can be assessed
- **Category two** includes initiatives which are comparatively small in scale or are only recently announced or implemented such that a lighter touch will be applied with the focus on identifying, assessing and mapping their connections to the other initiatives.

Category One	Category Two
Led by Kāinga Ora	
<ul style="list-style-type: none">• Public Housing• Large Scale Projects (including Infrastructure Reference Group Projects that support this initiative led by Crown Infrastructure Partners)	<ul style="list-style-type: none">• Land Programme• Infrastructure Acceleration Fund (part of the Housing Acceleration Fund package)• The KiwiBuild Buying off the Plans Programme (“Kiwibuild Underwrite”)
Led by the Ministry for Housing and Urban Development	
<ul style="list-style-type: none">• Funding to Community Housing Providers to deliver Public Housing• Transitional Housing Supply• Whai Kāinga Whai Oranga, focused on Māori Infrastructure Fund component (part of the Housing Acceleration Fund package)• Land for Housing Programme• Progressive Home Ownership Fund	<ul style="list-style-type: none">• Affordable Housing Fund (formerly Residential Development Response Fund) which includes: Affordable Rental Pathway; Build Ready Developments (“Headwinds”)

Parties

The Unit will undertake this work in partnership with HUD. The Unit and HUD will engage relevant senior leaders and working teams within Kāinga Ora, Community Housing Providers, iwi and Māori housing providers, charitable trusts, councils, and private developers (as appropriate and feasible to do so within timeframe of the stocktake) who have received funding from initiatives within the scope of this stocktake. Treasury will support the Unit as required.

Timeframe

The Unit will report to the Deputy Prime Minister by 9 December 2022. The Unit will also report on its activities to the Deputy Prime Minister as part of its regular reporting.

Hon Grant Robertson
Deputy Prime Minister



Cabinet Priorities Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Implementation Unit 2022 Assignments: Final Progress Report

Portfolio **Finance**

On 7 March 2023, the Cabinet Priorities Committee:

- 1 **noted** that the Implementation Unit delivered briefings to the Minister of Finance (the Minister) in November and December 2022 (attached to the submission under CPC-23-SUB-0001) on:
 - 1.1 an assessment of progress of He Waka Eke Noa delivery milestones;
 - 1.2 a stocktake of the Kāinga Ora Public Housing Construction Pipeline;
 - 1.3 a stocktake of delivery of Housing Supply Initiatives;
- 2 **noted** that the Minister will provide the Cabinet Priorities Committee with a further report on the work undertaken by the Implementation Unit on 28 March 2023.

Jenny Vickers
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon Dr Megan Woods
Hon Jan Tinetti
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Stuart Nash
Hon Damien O'Connor
Hon David Parker

Officials present from:

Office of the Prime Minister
Officials Committee for CPC



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Priorities Committee: Period Ended 10 March 2023

On 13 March 2023, Cabinet made the following decisions on the work of the Cabinet Priorities Committee for the period ended 10 March 2023:

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CPC-23-MIN-0001

Implementation Unit 2022 Assignments: Final Progress Report
Portfolio: Finance

Separate minute:
CAB-23-MIN-0073.01

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Rachel Hayward
Secretary of the Cabinet

